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NEWS SUMMARY

GENERAL

Petrol famine brings chaos

Thousands of motorists returning from Christmas holidays were hit by petrol shortages as more garages closed down in the wake of the tanker drivers' dispute.

Motoring organisations, besieged by calls from people who had run out of fuel, warned drivers not to travel unless their journey was essential.

Travel problems were worsened by disputes over extra payments which hit train services. No trains ran between London and East Anglia and other London services were affected.

Esso tanker drivers, expected to accept a pay offer today, have already lifted their overtime ban but seasonal closing by garages and panic buying before Christmas meant shortages all over the UK. Shell and Mobil re-open pay talks today. Page 3

Gandhi released

Former Indian Premier Indira Gandhi was released after a week in jail imposed by parliament for breach of privilege. She returned home to wild celebrations by her supporters, who had rioted when the sentence was imposed. Page 2

Climbers die

Two climbers are thought to have died after being buried by an avalanche in the Cairngorms. The body of one has been found and a search is continuing for the other man.

Ballot move

The Conservatives are to launch a fresh attempt to have secret ballots introduced for trade union elections. Future Conservative legislation would mean a body being set up to organise and finance postal ballots. Back Page

Powell support

Ulster Unionist MP Enoch Powell, with 12.6 per cent of the vote, has come top of a poll conducted for the BBC's World at One Programme to find the personality of the year. Prince Charles was second, followed by announcer Brian Wills, John Gummer, Margaret Thatcher and Ian Smith.

Violence threat

Police are forecasting an intensification of guerrilla violence in Japan next year. The National Police Agency says Left-wingers are expected to be active during the June summit of non-Communist industrial countries and the Red Army group is thought to be renewing activity.

Run out of oil

A clean-up time in the streets of Jeddah, Saudi Arabia, where about 35,000 wrecked or abandoned cars are to be taken away and put through a crusher. Meanwhile, the local police chief reports that only 10,000 drivers have been jailed for traffic offences this year, a drop of 5,000 compared with 1977.

Briefly

Elections in Bangladesh have been put back by two weeks to February 12 following requests from 'various political parties'.

Israel's Cabinet heard Foreign Minister Dayan's report on the Brussels talks with Prime Minister Khalil of Egypt and Secretary of State Vance of the U.S. Page 2

France has expelled a 26-year-old Pole charged with spying. Contraceptive sales have been legalised in Spain.

Bomb blast destroyed several cars in central Rome.

BUSINESS

Bilston: union conflict feared

BSC and the steelworkers union, the Iron and Steel Trades Confederation are expected to confront each other early in the New Year over cutbacks at BSC's Bilston plant in the West Midlands.

The corporation has achieved the cutback of 17,000 jobs in the past 12 months, by the closure of iron and steel making at a dozen works, mainly with union co-operation.

But ISTC policy is to resist the Bilston closure, where the corporation aims to reduce the four open-hearth furnaces to two from January 1. Back Page

BSC and Davy International have completed a study for China on the modernisation of the big Shouxi steelworks near Peking. BSC and Davy hope to share in hardware contracts for the \$500m modernisation of the works. Back Page

U.S. and West Germany are to seek international action to maintain a healthy steel price sector in world steelmaking at the UN conference next month on the world iron and steel industry. Both governments are alarmed at the rapid growth of State involvement in the industry. Back Page

STRIKE figures in Britain in 1978 are expected to show that only a few plants are affected, according to a Department of Employment official report. So far there have been slightly fewer stoppages than in 1977, though the number of days lost is expected to be higher, magnified by the Ford strike. Page 3

WAGES in Spain will be allowed to rise between 11 per cent and 14 per cent next year, the Spanish Economy Minister has said. The limit will be binding on nationalised industries and on private companies. The government aims to reduce inflation from a projected 16 per cent this year to 10 per cent in 1979. Page 2

OECD outlook 'brighter'

PROSPECTS for the industrialised nations as a group are considerably brighter than at any time since the 1973-74 oil crisis, according to City stockbrokers Phillips and Drew. Its latest review says that OECD member countries are likely to be more in economic balance, with a narrowing of inflation growth and trade differentials, which should result in greater stability on the foreign exchange markets. Page 3

UK ECONOMIC outlook remains encouraging, according to an end-of-year analysis from stockbrokers Wood Mackenzie. The report sees a deceleration of the growth in domestic demand, easing the pressures on financial markets. A modest, gradual rise in the inflation rate is expected in 1979, but with the Government expected to maintain control over the money supply, the rate should decline again in 1980. Page 3

BUILDING SOCIETIES do not expect to repeat in 1979 the record number of home loans made this year. In 1978, the societies expect to have arranged 800,000 loans, with advances reaching £8bn. Back Page

FT GROCERY prices shopping basket rose sharply for the second month running, due to the rising cost of dairy products and fresh foodstuffs. The December index showed a rise of 1.43 points, to 105.10, and is the highest since it was re-launched last March. Page 3

WALL STREET closed 7.54 up at \$18.01.

Iran oil exports stopped as strikes are stepped up

BY SIMON HENDERSON, IN TEHRAN

Oil exports from Iran have ceased and output has fallen to a new low after a sudden increase in intensity of anti-Shah strikes and go-slows by oil workers.

Production yesterday was expected to be about 500,000 barrels, not even enough to meet domestic demand. The fall coincided with assassination on Saturday in the main oil town of Ahwaz of two senior employees—one an American—of Osco, the Western service company which operates the oilfields.

Yesterday there were sporadic demonstrations in Tehran as crowds of youths taunted groups of soldiers before disappearing to regroup elsewhere.

Soldiers fired shots into the air and used teargas. At least one person was said to have been killed and several vehicles were set on fire.

It was the fourth successive day of such violence, and possibly the worst.

At 500,000 barrels a day oil output is less than a tenth of normal, and even lower than the previous low during the November strike.

The present decline occurred just when production had started to grow steadily again. Last Friday it had reached about 3.6m barrels a day.

The assassination of Mr. Paul Grimm, the production manager of Osco, an American, has provoked fresh anxiety about the future for more than 50,000 ex-

Civil aircraft-makers have their best year ever

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S civil aircraft manufacturers have had their best year in 1978, with firm orders for more than 700 new jet airliners worth well over \$17bn (£8.5bn).

These deals represent only firm orders, but options and letters of intent cover at least 200 more aircraft. There have been further substantial sales of other types of commercial aircraft, such as executive jets and piston-engine and turbo-prop aircraft.

If these are included, the total of new commercial aircraft of all kinds either sold or optioned in the year is probably well over 1,000, worth more than \$20bn (£10bn).

Even allowing for a high volume of deliveries in the past year, it is estimated that there is at least three to five years' work in hand on new civil jets alone. This could build up rapidly in 1979.

The past year's inflow indicates clearly that the doldrums in air transport of the mid-1970s, in the wake of the oil crisis and the subsequent industrial recession, are over.

With all the forecasts agreeing that the present growth in world air travel is likely to continue at an average annual rate of at least 8 per cent into the 1980s, it is thought that up to

Pension funds 'not obliged to be concerned with public good'

BY CHRISTINE MOIR

PENSION fund trustees should have one duty only — to their pensioners. They should not be obliged to concern themselves with any outside interests, even the public good, the National Association of Pension Funds and the Confederation of British Industry have told the Wilson Committee on the City.

Their view emerged in confidential answers to the last questions posed by the committee in the part of its study on the role of the pension funds.

Sir Harold has made it obvious that his committee was concerned with the enormous growth expected in the pension movement in the future, and that the funds should be directed into specific investments in the light of the overall needs of the economy.

The funds have continuously warned against direction of investment and any alteration in the way pensions are funded. Now they have also rejected the ultimate basis for concern — that their growth will distort investment markets.

They have commissioned their own research which indicates that the growth of the funds will not be as overwhelming as has been expected.

The study says the belief that the much-quoted £20bn of cash flow expected by 1985 will have a massive impact, is a "myth". It will not have a distorting effect on investment.

In terms of real purchasing power, such a figure would represent about 5.1 per cent of estimated gross domestic product in 1985 — little different from the 4.9 per cent the total represented in 1976.

Moreover, in terms of the nation's savings, such growth could actually represent a fall-off. In 1976, the £5bn new income into the institutions represented 22.5 per cent of total savings and investments. By 1985, a figure of £20bn would more likely represent somewhere between 20 per cent and 25 per cent of total savings.

More U.S. prime rates put up

By Stewart Fleming

NEW YORK — Major U.S. banks, including Chase Manhattan, J. P. Morgan and Continental Illinois, raised their prime lending rates yesterday to 11 per cent, indicating that last week's move by Chemical Bank to push the prime higher is now spreading across the country.

The prime rate moves coincided with open market intervention in the short term money markets by the Federal Reserve Board which suggested that the Central Bank is aiming for an average weekly federal funds target of 10 per cent for the time being.

Last week the Fed moved to tighten credit conditions, and it was widely assumed that its federal funds target had been increased from 9 per cent to at least 10 per cent.

Those analysts who read the moves as indicating a higher target argue that the Fed's operations yesterday morning confirmed their suspicions. The Central Bank waited until funds were trading at 10 per cent before intervening to add reserves and hold the rate from rising higher.

The latest movements in the money markets follow last week's shifts in short- and long-term interest rates which have taken rates generally to the highest levels of the year. Long-term bond prices have now slumped to their lows for the year, falling below levels hit in July and November, according to data prepared by investment bankers Salomon Brothers.

As one analyst put it: "1978 is going out with a whimper."

In many cases the new lows for prices and highs for bond yields were set last week amid growing concern about the inflationary outlook following the decision of the Organisation of Petroleum Exporting Countries to raise the oil price by 14.5 per cent, a move which has disturbing implications for the U.S. inflation rate.

These anxieties about inflation have not been eased by the slower growth in consumer prices reported for November. The 6 per cent annual rate of increase in the consumer price index for that month is generally interpreted both within and outside the Carter Administration as an aberration.

\$ in New York

| | Dec. 26 | Previous |
|-----------|---------------|---------------|
| Spot | \$2.0125-0145 | \$2.0050-0110 |
| 1 month | 0.20-0.10 | 0.18-0.10 |
| 3 months | 0.20-0.15 | 0.18-0.10 |
| 12 months | 2.00-1.80 | 2.00-1.80 |

Martial law declared in east Turkey

BY METIN MUNIR

ANKARA — The outbreak of violence in Turkey, which led yesterday to the declaration of martial law in 13 of the country's 67 provinces, was "a direct insurrection against the state," Mr. Bulent Ecevit, the Prime Minister said.

A joint session of both Houses of Parliament yesterday overwhelmingly approved the Government decision to declare martial law. The vote was 537 for and only one against. The three-hour session of the parliament was occasionally disrupted by angry exchanges of accusations between pro-Government and Opposition deputies.

More than 100 people lost their lives in the eastern town of Maras over the weekend in the worst case of civil disorder in recent Turkish history. The incidents were sparked off by the murder of two Left-wing teachers and turned into a battle between opposing Muslim sects — the Sunni and the Alevi.

Rifles were used and the dead included women, some of them pregnant, children, old people and policemen.

The Government is hinting that supporters of Mr. Alparslan Turkes's Right-wing Nationalist Action Party are behind the violence. Mr. Turkes is claiming that the Maoist Communists were responsible.

Whoever it was, the Maras fighting has apparently shown Mr. Ecevit and his ruling Republican Peoples Party that without the army the country might erupt into civil war.

Most of the provinces which come under martial law are those where sectarian tension is high. All of these are in eastern Turkey which is generally underdeveloped and poorer than the west.

Of the 500 who have lost their lives in political violence this year, 450 were killed in these 13 provinces.

Left and Right wing students are reported to have staged protest marches and boycotted classes on Monday in the major urban centres of Istanbul, Ankara and Izmir in reaction to the riots in the area. Officials closed universities in the three cities as well as all secondary schools in Istanbul, for at least three days.

Editorial comment Page 8

BACKGROUND TO THE FIGHTING

Political blood feud

ANKARA — Like hundreds of towns in Eastern Turkey, Maras has a large proportion of Alevi or Shiite Moslems, writes Metin Munir. They are regarded as heretics by the Sunni sect, which claims an 80 per cent following among Turkey's population of 40m.

The Right-wing traditionally appeal to the Sunni, Turkish sentiments, while the Left-wing attract the Kurdish speaking, minority Alevi.

Political violence in Turkey started in the late 1960s as a student movement protesting over the education system.

Soon, however, the extreme Left wing gained control of the movement, which was first directed at undermining Turkey's ties with the West and then the Government. In 1971 the Army moved in. Mr. Saleyman Demirel, the Right wing Prime Minister (and now the main Opposition party leader) was unable to cope with growing Left wing terrorism, and was forced to resign. Army-supported governments ruthlessly crushed the extreme Left. In the vacuum, the extreme Right wing began to

develop but its real growth occurred in the 1975-77 period under the Demirel coalition.

Mr. Turkes served as Deputy Prime Minister to Mr. Demirel along with Mr. Necmettin Erbakan, chairman of the pro-Islamic Nationalist Salvation Party.

Helped by this Nationalist Front, the extreme Right opened a sustained campaign against the extreme Left and the urban intelligentsia. It strove to establish its supremacy in universities, student hostels and even cafes frequented by students.

When Mr. Turkes was Deputy Prime Minister his followers—called grey wolves or commandos—infiltrated the police and civil service.

The ousting of the Demirel coalition by Mr. Ecevit a year ago was a bitter blow to Mr. Turkes.

The political blood feud accelerated. Violence spread from the cities to the countryside east of Ankara. Sectarian prejudices between Shiites and the Sunnis were exploited by both Left and Right-wing fanatics.

I simply flew when he said Je Reviens



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OVERSEAS NEWS

U.S. puts back expected date for SALT treaty

BY DAVID BUCHAN

WASHINGTON — A U.S. Soviet summit, to sign a new strategic arms treaty, is now unlikely to be held next month. This was the estimate that President Carter, who had earlier said he hoped to meet President Leonid Brezhnev in mid-January, gave reporters on Christmas Day at his Georgia home.

Soaring expectations that a SALT agreement had at last been reached were killed Saturday, when Mr. Andrei Gromyko, the Soviet Foreign Minister, in a surprise move on the third day of SALT negotiations in Geneva with Mr. Cyrus Vance, the U.S. Secretary of State, hardened his position on the timing of a protocol to accompany the proposed SALT 2 treaty.

Mr. Vance, who has doggedly plugged away at the two crucial foreign policy issues of a SALT 2 treaty and peace between

Egypt and Israel, was given a consolation prize of one pound of bacon by reporters accompanying him on his way back to the U.S. with the quip "this gift contains no salt and has been rejected by both parties in the Middle East." Both Jewish and Muslim religious law proscribe pork or bacon.

Russian caution on Mr. Carter's sudden move to normalise relations with China, and resentment that Moscow's overriding interest in a new SALT agreement is taken for granted in Washington, are the motives that U.S. officials privately ascribe to Mr. Gromyko's unexpected decision to make the SALT protocol's timing a major issue. The U.S. wants the protocol (whose expiry would lift restrictions on the deployment of American Cruise missiles and would require the Soviet Union to dismantle some 150 of its missiles) to run out no later than mid-1981. Moscow wants

it to last for at least a year longer than that.

Mr. Carter last week received, in the wake of his China announcement, a message from Mr. Brezhnev. Mr. Carter's public interpretation of that message appears to have been either misleading, as the Soviets now claim, or tactless, as some U.S. officials privately feel. The White House has refused to release the text of Mr. Brezhnev's message. But on television last week, President Carter flatly stated that "I can say without any doubt that our relationship with China will not put any additional obstacles in the way of a successful SALT agreement."

Hopes for a pre-Christmas SALT pact had been raised by Russian concessions to one of the remaining American demands: that the Soviet Union should not encode its missile test data, in such a way as to foil American verification of the proposed SALT 2 provisions.

Gandhi released from prison

AFTER A week in jail, Mrs. Indira Gandhi has returned home amid wild cheers from her supporters. K. K. Sharma writes from New Delhi. "I had a good rest," said the beaming former Prime Minister. Mrs. Gandhi was released after the prorogation of the Lok Sabha (Lower House). She had been sent to prison until the end of the session on being found guilty of a breach of privilege for hampering collection of information on her son's car company.

Her imprisonment led to violent incidents in the country, mainly in the southern states where her Congress Party is in power. But the agitation seems to have petered out in the last couple of days despite reports that several hundred thousand of her supporters had been arrested.

The Desai Government was plunged into renewed crisis when Mr. K. K. Advani, the minister for information resigned from the Cabinet. This followed the deadlock in the Rajya Sabha (Upper House), of which he is the leader, on the issue of charges of corruption against Mr. Kanti Desai, the Prime Minister's son.

Mr. Advani later withdrew his resignation when the Cabinet agreed that a group of ministers should examine the whole case afresh.

Vatican envoy

Cardinal Antonio Samore, the Vatican envoy, has arrived on a peace mission aimed at averting war between Argentina and Chile over three disputed islands in the Beagle Channel at the southern tip of the Americas. Reuter reports from Buenos Aires.

S. American growth

Latin America's economic growth rate averaged 4.1 per cent during 1978, 0.4 per cent below the rate last year, the Economic Commission for Latin America (ECLA) reported. Reuter writes from Santiago. ECLA executive secretary Sr. Enrique Iglesias said it was the fourth consecutive year of poor economic expansion in the region.

He said the region's balance of payments deficit had increased significantly to \$13.9bn this year from \$10.6bn last year.

Brunner oil plea

Sr. Guido Brunner, EEC Energy Commissioner, has called on oil-producing countries to meet the West and Japan to discuss what he called the insupportable new oil price increase. He said in a radio interview: "Nobody is served by price increases if they can not be borne by the market." Reuter reports from Stuttgart.

Tokyo bankruptcy fear

Governor Ryokichi Minobe, fearing bankruptcy for Tokyo's major bank, has proposed a major cut in the prefectural (state) work force to eliminate 1.3 per cent of the 220,000 employees on the public payroll.

The spokesman said the proposal was predominantly a symbolic act to reduce labour costs to get permission from the Home Affairs Ministry for a crucial \$200m bank issue.

Japan growth forecast

The Japanese Government appears to be moving closer to setting next fiscal year's real economic growth rate target at about 6.3 per cent, a much more optimistic level than private economic research groups think possible. Richard C. Hanson writes from Tokyo. According to reports, the Economic Planning Agency, Finance Ministry and Ministry of International Trade and Industry are agreed on the target of around 6.3 per cent for the year from April 1. The Cabinet of Prime Minister Masayoshi Ohira is expected to adopt a formal target later this week.

U.S. mission to Taiwan

A top-level U.S. delegation is on route to Taiwan to establish a framework for trade and cultural relations between the two nations once they sever formal diplomatic ties on New Year's day. AP reports from Washington. Mr. Warren Christopher, the Deputy Secretary of State is heading what probably will be the last official U.S. mission to Taiwan. The delegation expects to stay only two days and return before the U.S. recognises the People's Republic of China.

Yugoslav budget

Yugoslavia's Federal Parliament yesterday approved a budget for 1979 amounting to 99.4bn dinars (about \$5.4bn) or 18.7 per cent more than this year. The major part of the federal budget is earmarked for defence, but the figure was not disclosed. AP writes from Belgrade.

Chilean reshuffle

President Augusto Pinochet resigned his Cabinet yesterday with the most significant changes being the Ministers of Economy and Labour. AP reports from Santiago. Although he said the outgoing ministers resigned for health or other personal reasons, many observers felt that a major factor in the changes was the expected international economic boycott against Chile.

WORLD TRADE NEWS

FRENCH MOTOR INDUSTRY

An image of self-confidence

BY TERRY DODSWORTH

THE FRENCH motor industry is now drawing to the close of one of the most eventful years in its history. Crowned by the spectacular PSA Peugeot-Citroën bid for Chrysler Europe, the last 12 months have also seen a variety of other important expansionary moves, including the Renault negotiations to set up a manufacturing and distribution base in the U.S. in collaboration with American Motors.

The big French companies, dominant at home and expanding overseas now present an image of vibrant self-confidence.

This drive for expansion is clearly being propelled by one of the strongest and most stable markets for cars in Europe. After the records achieved last year, when the French industry produced 3m cars, and enjoyed a market of 1.9m, France is almost certainly heading for a further improvement in 1978 and forecasts suggest another advance in 1979.

The Government has already done its bit to keep the vehicle market rolling with a 1.5 per cent reduction in the price of consumer credit for cars from January 1.

This relaxation of credit restrictions, announced recently by M. René Monory, France's expansion-minded economics minister, is an instructive example of the understanding treatment which the motor industry is given in official quarters.

There was a time, in the early 1970s, when the manufacturers felt they were always on the wrong end of Government policy. Price controls were strict and year after year the industry complained that it was not being allowed to make adequate returns to finance investment in the future.

"If we had the ability to raise money like the U.S. and

German companies we should now have had a bigger presence overseas," says one of the industry's leading economists.

In 1975, Government policy changed radically, when the industry was allowed to raise prices by about 30 per cent. The collapse of Citroën, later to be taken over by Peugeot, is seen in France as one of the determining factors in this abrupt switch; it showed the Government, said critics, that the price control policy was gradually strangling the industry.

Since then, the motor manufacturers have had a more sympathetic hearing on prices, and this year, the industry has become one of the first sectors to be allowed price freedom.

These moves have effectively put the French industry into the pole position in the European automobile (Citroën, Citroën and Peugeot are all these in full force) and made it into a key element at least as important as Fiat in the development of vehicle manufacturing in the COMECON countries.

Both of these geographical areas will play an important role in the expansion of the world motor industry in the next few years, and both lie close enough to France's traditional markets for them to be gradually integrated into existing sales and distribution networks.

The expansion into the American market, via links with U.S. manufacturers, is a means of tackling what the French see as the most important challenge of the 1980s—the extending

can be summed up thus: ● PSA Peugeot-Citroën is buying Chrysler Europe.

● Renault is trying to buy its way into the U.S. market by way of American Motors.

● Renault has decided on a considerable expansion in its Mexican and Turkish affiliate factories, and signed a deal which will give it a central role in the creation of a Portuguese motor industry.

● Citroën has announced a licensing agreement in East Germany for manufacturing universal front wheel drive universal joint components.

● Peugeot has come to another licensing agreement in Yugoslavia which will involve constructing a factory.

FRENCH CAR INDUSTRY

(000s)

| Years | Production | Registrations | Built up exports | Import sales |
|-------|------------|---------------|------------------|--------------|
| 1977 | 3,092 | 1,908 | 1,621 | 423 |
| 1978E | 3,113 | 1,940 | 1,600 | 420 |
| 1979E | 3,210 | 1,950-2,000 | NA | NA |

E=Estimate

under the new liberalisation policies. As a result, increases this autumn have ranged between 2.8 per cent and 4.2 per cent.

The change in thinking on prices coincided with the moves made by the French Government at that time towards a more international stance for industry. Indeed, in some ways the motor manufacturing sector has provided the case for Mr. Monory's vision of a strong and competitive France, in which self-reliant, international companies unrestrained by the muzzles of State intervention, will compete freely at home and aggressively overseas.

The proof of this new international stance has unquestionably come this year, with a series of developments which

tentacles of the big American vehicle multi-nationals.

The next stage in this strategy of "internationalisation" has already begun in the components industry. The French believe that there is now little room for further large-scale productivity improvements, through rationalisation in their car manufacturing sector. But the components industry is ripe for such developments.

"The development of the world car concept, in which the same parts go into vehicles made all over the world, has given the U.S. companies great opportunities," says an official. "To achieve similar progress we have to improve equipment manufacturing techniques, increase our investment in research, and develop co-operative production efforts to reduce the cost of parts."

The question France's competitors are now asking however is how far these moves towards "liberalisation" and "internationalisation" of the country's motor industry will go. There are plenty of signs that the old protectionist instincts are not dead as yet, and that at critical points competitive weaknesses will be buttressed by a sympathetic bureaucracy.

A case in point was the way in which the French establishment rallied round earlier this year, to set itself "successfully so far" against the bid by Lucas of the UK for Ducellier, a key company in the electrical components sector in France.

Yet another was the official warning given to the Japanese Ambassador last year, that Japanese car imports must be checked—a highly successful intervention which has been followed by a halving of Japanese car sales in France this year from the 3 per cent or so they had achieved in 1977.

GKN Chp expands into Europe

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GKN IS embarking on a major European expansion of the pallet pooling system which it has built up in the UK under the GKN Chp title.

Its partners in the European programme are Brambles Industries, the Australian company with which GKN set up its UK operation, and Compagnie Bruxelles Lambert. Each will have a one third interest in the newly-formed Chp Europ BV, which will be based in Holland.

The size of the investment in Chp Europ will be on a scale commensurate with the £5m initially committed by GKN Chp in the UK just over four years ago. The plan is to expand Chp Europ to cover all of Western Europe eventually, which means the total investment by this company will probably be in the order of £20m.

In preparation for the European expansion, four depots were set up in March, 1978, by Chp Benelux—two in Holland (Alphen aan den Rijn and Hilversum) and two in Belgium (Bornem, between Antwerp and Brussels, and Nivelles in the south). These will now

be operated by Chp Europ, which will act as a holding company for similar operations in other parts of the Continent.

The pooling system will be based on two standard sizes of pallet—1,000 mm x 1,200 mm, and 800 mm x 1,000 mm. Most of the business will be generated domestically as this is where the greatest demand for pallets lies, but it is also intended to offer an inter-country service, both between the UK and the Continent and between countries on the Continent. This is made possible by the fact that pallets and the systems are universal throughout the Continent.

GKN Chp now owns about 1.5m wooden pallets, and recently launched a container division pooling cages in the same way. The cost of setting up such a system is high, which is probably why the company has so far got on with any real competition.

The original £5m investment by GKN Chp has probably doubled in the past four years, and it is doubtful whether the operation is yet profitable enough to finance its expansion on its own.

But the decision to expand into Europe is viewed by the management as less risky than setting up the original operation in the UK simply because it can point to the fact that it has been accepted by customers in this country.

The only real competition offered in Europe comes from the railways, which agreed on a common pooling of pallets just after the war. But this is not much of a problem as relatively little freight goes by rail.

The system quite simply provides for the exchange of pallets at depots which the company has set up throughout the UK, and intends expanding throughout Europe.

The pallets are hired by the customer, and the contract price includes maintenance. The quality of the pallets is high, and the system as a whole largely eliminates the big problem of pallet loss.

The original £5m investment of a high loss rate and due to pallets something which was recognised in a Department of Industry study of the subject, although GKN Chp was not specifically referred to.

Saudi award for Greek consultants

By Our Own Correspondent

ATHENS — Doxiadis Associates, the Athens-based consulting company, has signed a new contract with the Ministry of Municipal and Rural Affairs of Saudi Arabia under which it will prepare the three-year development programme (1980-1985) for 107 municipalities of the Kingdom and 110 selected villages.

According to a spokesman for the company, the 8.5m Saudi rials contract, signed in October, also provides for the follow-up of projects implemented under the current second five-year plan and the training of Saudi professionals.

Some 40 professionals from Doxiadis Associates, including economists, statisticians, architects, town-planners, engineers, computer analysts and programmers are taking part in this project. An extensive survey of the study area is currently under way.

Previously, Doxiadis Associates had prepared the first and second five-year development programmes for the municipalities of Saudi Arabia.

The third five-year programme, which will include villages as well, is expected to lay emphasis on the development of the rural areas in order to control the increasing rate of urbanisation and provide incentives for the settlement of the nomads.

Established in 1951 by Constantinos Doxiadis, the acclaimed town-planner and architect, Doxiadis Associates has provided consulting services in more than 40 countries around the world and has been operating in Saudi Arabia since 1967 with offices in Riyadh, Dammam, Hofuf and Bureid.

Egypt signs \$38.5m oil concession agreements

BY ALAN MACKIE

CAIRO — Egypt has sold an oil concession to the Gulf of Suez and is about to finalise agreement for another in the Mediterranean, according to official sources.

The two agreements, worth \$38.5m, bring the total value of the six concessions granted by the Egyptian General Petroleum Corporation (EGPC) this year to \$137m.

The Gulf of Suez concession has been bought by the American company Quintana. It is a 135 square kilometre plot of East Shuang on the west coast of the Gulf of Suez. Quintana has undertaken to spend \$18m on exploration over the next eight years and pay a \$1m signature bonus.

The second agreement is with the International Egyptian Oil Company—a 50-50 joint venture

between Petrolbel Company of Egypt and Agip of Italy—for a 2,400 square kilometre plot offshore from Port Said.

EGPC has undertaken to spend \$20.5m over seven years prospecting and to pay a \$1m signature bonus.

Last month EGPC initiated two agreements with British Petroleum and Conoco for concessions in Israeli occupied Sinai and is soon to auction more lots in occupied territories in an effort to keep prospecting interest in the Gulf of Suez and Sinai well primed.

These last two agreements become effective once the companies can move into the vast tracts of land. The other agreements become effective from the date of initialising even though they still have to be ratified by the Peoples Assembly.

Deutsche BP in gas deal

ALGIERS — The Algerian State hydrocarbons concern Sonatrach

has signed an export contract for liquefied natural gas (LNG) with Deutsche BP, a unit of British Petroleum, it was announced here.

The contract provides for the sale to Deutsche BP of 4.5bn cubic metres of LNG annually

over a 20-year period starting in 1985.

The contract provides for transportation of the LNG to be shared equally by Algerian and German carriers.

Although the contract has been signed by the two parties, it still has to be approved by the Algerian and West-German Governments. — AP-DJ

World Economic Indicators

INDUSTRIAL PRODUCTION

| | | | | % change over previous year | Index base year |
|------------|----------|----------|-----------|-----------------------------|-----------------|
| U.S. | Nov. '78 | Oct. '78 | Sept. '78 | Aug. '78 | 1967=100 |
| | 148.2 | 147.2 | 147.5 | 139.2 | -6.1 |
| Italy | 141.6 | 136.6 | 128.1 | 128.1 | -9.9 |
| France | 128.0 | 128.0 | 127.0 | 122.6 | -4.9 |
| Holland | 128.0 | 129.0 | 127.0 | 126.0 | -1.6 |
| W. Germany | 123.6 | 123.0 | 100.9 | 120.2 | -2.8 |
| UK | 109.3 | 110.4 | 111.4 | 105.6 | +3.5 |
| Japan | 142.2 | 142.2 | 121.4 | 115.9 | -7.2 |
| | 142.2 | 142.2 | 121.4 | 115.9 | -7.2 |
| Belgium | 107.8 | 77.9 | 116.5 | 108.7 | -0.8 |

† Provisional

Philippine Airlines buys Airbus

By Lynne McLean

PHILIPPINE AIRLINES is to buy two A300B4 Airbus aircraft from Airbus Industrie in a contract worth up to \$45m.

The order brings to 189 the total number of A300 aircraft ordered by 18 airlines. The order includes 50 options. Nearly 40 aircraft have already been delivered.

The latest aircraft will be delivered to Philippine Airlines in October. The airline has taken out options on a further two aircraft.

Other airlines in the South East Asia region flying the A300 include Korean Airlines and Thai International. Malaysian Airline System has also ordered the aircraft.

Rigs for China

LTV Corporation said its Continental-Emco unit had reached agreement with China for the sale of seven drilling rigs valued at more than \$40m. Reuter reports from Dallas. LTV said the purchase involved two land rigs and five offshore rigs, with the last rig the first to be purchased by China from the U.S. Deliveries are expected to cover the period 1979-80.

Japanese contract

Kanehu, in conjunction with Hitachi, Marubeni Corporation and Tokai, have initiated a ¥16bn contract in the export of a polyester polymerising plant to China. Reuter reports. The contract will be denominated in U.S. dollars and the plant, with a daily capacity of 600 tonnes, is scheduled to be completed within four years.

N-power approval

The French company Societe Francaise, which builds nuclear power plants under licence from Westinghouse of the U.S., said it had won U.S. Government approval to sell two power stations to China. Reuter reports.

Although no contract has yet been signed for the 900-Mw nuclear plants, China has indicated its intention to place an order. It would be the first sale of nuclear technology to a non-Communist power to a Communist country.

Uranium talks

Japan and Australia have concluded a two-year preliminary study, endorsing joint construction of a large-scale plant to enrich Australian uranium. An official of the Japanese science and technology agency said Japan was seeking its own technology to enrich natural uranium, for use in light-water commercial reactors.

Argentina majority

Chrysler, Peugeot, Renault, which manufactures Chrysler cars, estate cars, pickups and trucks at two plants near Buenos Aires, has a majority in Argentine shareholders, according to our Buenos Aires correspondent.

Lisbon pledge to control debt

BY OUR OWN CORRESPONDENT

LISBON — Sr. Manuel Jacinto Nunes, Portugal's Finance Minister and Deputy Premier, has promised a shakeup in the machinery established to deal with the country's entry to the Common Market and outline his tactics for reducing the external debt.

In a Christmas interview with a leading Lisbon weekly paper, Sr. Nunes said the present European Integration Commission headed by former Finance Minister Vitor Constancio would be remodelled to make it more efficient.

He added that access to vital information from various ministries and other bodies would be improved.

The shake-up is intended to make negotiations over the next few years run smoothly and to produce definitive studies of the sector by sector effects of membership.

He described the present government as less monetarist in the short-term than its predecessors and said its aim was to emphasise budgetary control of the economy as well as development.

Sr. Nunes said he would try to reduce the pace of the growth of the external debt and, by boosting public savings, hoped to diminish the deficits on the foreign account.

He admitted that Portugal had exceeded the public sector credit

limits imposed by the International Monetary Fund mainly because this sector has easier access than the private sector to such financing. But he added this was something he did not want to see recur.

The Finance Minister stressed that his policy would be to ensure that foreign loans were directed at financing investment and not consumption.

Sr. Nunes also dealt with the contentious topic of compensation for companies and individuals expropriated after the revolution. He said he hoped the first issue of Government bonds to dispossessed shareholders would be made before the end of 1979.

French Communist Party attacks EEC enlargement

BY DAVID WHITE

PARIS — The French Communist Party took up its cudgels over the Christmas weekend, reaffirming its hard-line opposition to the entry of Greece, Spain and Portugal into the EEC.

France Nouvelle, the weekly publication of the Communist Central Committee, carried a strongly-worded attack on the positions of both the French Government and the Socialist Party on Europe.

The timing of the attack underlines the ad hoc alliance which has emerged between the French Communists and the Gaullist leadership. While the Gaullists' campaign about national sovereignty has caused a serious division between the party leadership and Gaullist members of the Government, the Communists' openly nationalistic stance has distanced the French party from Euro Communist counterparts in Spain and elsewhere.

The article, signed by M. Jacques Denis, a Central Committee member, described EEC enlargement as "the key part of

a veritable plot" to submit French interests to those of a European bloc.

The same expressions were used in a declaration published at the weekend by the French and Portuguese Communist parties.

The declaration admitted there were divergences between the two parties but said they would seek to strengthen their links. The Portuguese Communists opposed Common Market entry because it would hit parts of the economy and restore the powers of foreign monopolies.

For the French Communists, EEC enlargement was aimed "to insert France more tightly in the Western European conglomerate dominated by West Germany under the tutelage of the U.S."

● A current account surplus of FF 1.44bn (£187m) in the third quarter confirms this year's recovery in the French balance of payments.

The surplus was however much lower than the second quarter's FF 8.63bn.

Israelis discuss Brussels talks

BY L. DANIEL

TEL AVIV — The Israeli Cabinet met yesterday to hear Mr. Moshe Dayan, the Foreign Minister, report on his meeting in Brussels on Christmas Eve with Mr. Mustapha Khalil, the Egyptian Premier, and Mr. Cyrus Vance, the U.S. Secretary of State. The Cabinet Secretary stated after the meeting that discussion of the report will continue next Sunday as only some of the Ministers had been able to speak yesterday.

Mr. Dayan suggested on his return that "the differences can be bridged, if both sides move towards each other's position and if the Government decide they are ready for this." However, some Cabinet members feel that Israel has made all

the compromises she can make, without rendering the peace treaty meaningless.

The Cabinet is still bound by a decision taken 10 days ago to reject Egyptian demands for changes to the draft peace treaty agreed by Israeli and Egyptian negotiators in Washington nearly two months ago.

There appears to be a chance Mr. Dayan's views on peace negotiations with Egypt after his talks in Brussels. Two weeks ago, he said that there was nothing more for the Israelis and Egyptians to discuss and that the Egyptians should either accept the draft treaty or reject it.

AP adds: Mr. Bozin said yesterday that Israel was prepared to renegotiate two snags

that have blocked the peace treaty with Egypt. He said his Government would reconsider arrangements for Palestinian autonomy in occupied territory and Egypt's military deployment in the Sinai peninsula.

But Mr. Bozin reaffirmed Israel would stand firm in rejecting Egypt's latest demands.

Although Israel would re-examine the article in a draft peace treaty outlining military arrangements in Sinai, it would not submit to Egypt's demand for an automatic review after five years. "A peace treaty is not signed for five years or 10 years, but forever," he said. He did not give details on the changes, but the expected international economic boycott against Chile.

مكازم التحصيل

UK NEWS

Japanese cars 'need least warranty work'

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPANESE CARS in general, and Datsun cars in particular, need the least warranty work, according to a survey initiated by motor trade consultants Ronald Smith and Associates.

At the other end of the scale, Continental cars, headed by Alfa Romeo, require the most warranty work.

The Japanese cars' reliability record is, ironically, something of a drawback for the dealers because service departments in Japanese dealerships networks appear to be low-profit contributors when compared with UK and large Continental manufacturers.

"A shortage of new cars and the resultant spin-off problems in used cars obviously is a severe threat to Japanese operators as it appears their activities are very much linked to selling motor cars."

"They do not appear to enjoy the benefits of workshop activities to supplement a shortfall in profits from the sales department," the survey says.

The report, based on returns from hundreds of dealers taking part in a warranty labour rate survey, is claimed to be the first of its kind on the UK motor trade.

On Continental cars warranty work accounts for up to 30 per cent of workshop hours compared with 2 per cent for Datsun.

Sewell also found that payment levels for warranty work tend to lag 10 per cent below normal retail servicing rates, largely because manufacturers

revise their rates on a yearly basis some time behind the trade's own rate adjustments.

The survey reinforces manufacturers' claims that they are trying to move warranty labour rates to a close relationship with the retail labour rate.

Dealers seem in general to take a similar view but, "the feeling is that little or no account is taken of the considerable management and supervisory staff experience and effort that is devoted to keeping a warranty operation profitable. It is these many extra outside areas that seem to disturb a large number of operators."

Franchise Study of Retail and Warranty Labour Rates, £7.50 from Sewell's Profit and Information Unit, 15 Argyle Street, Bath.

THE GOVERNMENT seems to have smoothed the way to bring forward the unopposedly controversial Weights and Measures Bill again. The Bill will authorise the introduction of a European style system of monitoring the contents of pre-packed food and drink to fulfil Britain's obligation under an EEC directive.

The Bill's second reading was delayed last month by an alliance of Opposition parties. Informal discussions have now taken place between those responsible for consumer protection in the various parties, and the Conservatives are thought to have indicated that, subject to certain assurances, they will not block the Bill.

The Government regards the negotiations as successful because it has not had to make big changes to the proposed legislation. And the Conservatives believe they have saved

Weights Bill set for easy passage

By OUR LOBBY STAFF

British food and drink manufacturers from unnecessary changes in packing requirements.

The Bill will introduce the European system of checking the contents of pre-packed items by taking averages. What was at issue was the future of the British system of monitoring contents, to see whether they reached certain minimum size requirements. The Conservatives, who have successfully sabotaged the Government's compulsory metrication programme, were concerned that the proposed legislation went far beyond the requirements of the EEC directive.

Government ministers have now apparently told the Opposition parties that the introduction of the European average system was never meant to affect the existing British minimum contents system, and that they will make this clear at the second reading.

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West End sales off to early start

By Our Consumer Affairs Correspondent

MANY big London stores start their annual bargain sales today and tomorrow with the hope that shoppers will shrug off the potential economic and political problems ahead.

The sales follow pre-Christmas spending which was less than had been optimistically predicted by some retailers, though it was still up on recent years.

The early start to some of the sales by the Oxford Street stores was made possible by their decision to close last Saturday, giving staff their full statutory holidays. The stores also hope to benefit from the extended holiday which most people will have this week, giving them time to go shopping in London.

Stores which start their sales in central London today include electrical retailers Curry's and Lasky's, the Deleis and Manfield shoe shops, a number of department stores, such as Liberty's, Debenhams, Bourne and Hollingsworth, and the clothing stores of H. Evans, and Selfridges of Piccadilly.

Harrod's sale starts on January 6 for one week.

Oil groups may match Esso offer to drivers

By OUR LABOUR EDITOR

UNCERTAINTY about petrol supplies, which caused long queues at filling stations over the holiday, may be lifted over the next two days when negotiations resume on oil tanker drivers' pay demands.

Trade union officials expect to be able to announce today that a new offer from Esso has been accepted by the company's drivers. Esso drivers have already lifted their overtime ban, which along with bans in the other companies, caused some shortages and contributed to panic buying by motorists.

Shell and Mobil are due to reopen their negotiations today, and BP and Texaco tomorrow after Esso's latest offer at the end of last week. These companies are expected to match Esso's offer if it is accepted today.

The drivers have threatened a national strike in a week, which would cut supplies to about 25 per cent, bringing emergency oil rationing for industry and almost entirely halt the supply of petrol for private motorists.

The limited supply would be provided by troops specially trained by the Ministry of Defence to maintain essential services.

On Friday, Esso improved its offer by raising the basic wage rate and the amount used to calculate overtime earnings to £78 a week. It offered more holiday pay and overnight subsistence allowance, and a special allowance for Northern Ireland. Part of the offer would be met by increased productivity, including a saving on daily working time of between 10 and 25 minutes, Esso said.

The drivers, members of the Transport and General Workers' Union, had submitted a claim, costing by the companies at more than 50 per cent. They wanted an overtime calculator of £20 a week compared with the present £39, as well as a big basic rate increase.

The Government's decision to drop the use of sanctions against private companies has removed one obstacle to a quick settlement of the tanker drivers' dispute.

But in road haulage generally, where strikes have been called from the same date, employers are worried that to concede claims in obvious breach of the Government's 5 per cent limit would bring into effect the threat that haulage rates would be frozen by the Price Commission.

'Brighter prospects' for industrial states

By DAVID FREUD

PROSPECTS FOR industrialised economies as a group are considerably brighter than at any time since the 1973-74 oil crisis, according to the City stockbrokers Phillips and Drew.

In its review the firm said member-countries of the Organisation for Economic Co-operation and Development were likely to be in better economic balance, with a narrowing of inflation, growth and trade differentials, resulting in greater stability on foreign exchange markets.

Divergence in interest rates in OECD countries caused by the oil crisis began to narrow only in mid-1977.

The gap between highest and lowest inflation rates was now about 9 percentage to 10 percentage points, against about 17 points in 1974. The average rate of inflation was much lower.

Distribution of world accounts had moved in favour of the OECD economies, said the report.

In 1974 the seven main OECD economies had an aggregate current account deficit of \$20bn. In 1978 they would probably

have a surplus of about \$4bn, and \$5bn in 1979.

Current accounts were expected to fluctuate in a narrow range, either side of balance. The exceptions were the U.S. and Japan. A reduction of the former's large deficit was forecast and a fall in Japan's surplus.

The price effects of currency depreciation in the U.S. and appreciation in Japan have so far outweighed the volume effects, and this has led to a worsening in the U.S. trade account but an improvement in Japan's.

In 1979 we expect that the volume effects of currency changes will begin to work through more strongly, reducing both the U.S. trade deficit and Japan's trade surplus.

It was clear that the Governments of the UK, France and Australia were following policies of entrenchment against inflation despite high levels of unemployment and underutilisation of capacity in their economies.

Only West Germany, Japan and "perhaps Canada" had "taken worthwhile steps" towards stimulating their economies.

Economic outlook 'more stable'

By Peter Riddell, Economics Correspondent

THE OUTLOOK for the British economy remains encouraging, according to a generally optimistic end-of-the-year analysis from stockbrokers Wood Mackenzie.

The brokers stress that they expect greater financial stability than in the last 12 months. As the growth in domestic demand decelerates there should be an easing of the current pressures on financial markets.

Although a gradual rise in the inflation rate is forecast, the upturn should be modest and short-lived. With the Government expected to maintain control over the money supply and public spending, the inflation rate is expected to start declining again in 1980.

But Wood Mackenzie warns that this trend is likely to be accompanied by a slowing of economic growth in 1980—partly due to a downturn in world demand. Nevertheless, as long as the Government maintains its current economic disciplines, the foundations should be set for soundly-based growth in the 1980s.

The main points of the forecast are that real Gross Domestic Product should grow by 3.4 per cent this year and 2.8 per cent next year, while the current account should move from balance to a surplus of £500m, reflecting a sharp improvement in trade in oil. The annual rate of retail price inflation is forecast to rise to about 10 per cent by the end of next year.

Private investment, particularly in manufacturing industry, is forecast to rise by about one tenth this year, with a 5.4 per cent increase next year. Real consumer spending, after rising by an estimated 5.5 per cent this year, is expected to increase by only 2.8 per cent next year.

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Rise in building material sales

BUILDERS' MERCHANTS' sales in the UK were up by nearly 10 per cent in October compared with a year earlier, according to the Builders Merchants Federation.

The federation, which says it represents 95 per cent of UK merchants, states that in the 12 months as a whole to the end of October sales rose by just over 8 per cent.

Mr Reg Williams, director of the federation, said that the cumulative figures for the year remained healthy.

Mr Edward Wilkinson, managing director of Leigh Interests effluent disposal subsidiary, said he was delighted with the decision.

The decision is subject to several conditions ensuring protection of the environment, including stabilising or capping remaining mine shafts that could be affected by the waste, and monitoring of three bore holes to maintain the level of the liquid.

Mr Williams, director of Leigh Interests effluent disposal subsidiary, said he was delighted with the decision.

Council backs supermarket

A £3m supermarket and warehouse on a 2-acre site at Dereham, Norfolk, providing 240 jobs, has been backed by the town council.

Financial Times Grocery Index Fruit and vegetable prices rise sharply

By DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES grocery price shopping basket rose sharply in December for the second month running as a result of the rising cost of dairy products and fresh fruit and vegetables in the weeks before Christmas. The index showed a rise of 1.33 points on November to stand at 105.10.

Although the rate of the December increase was less than the previous month, the index is now at its highest since it was re-launched last March.

The rise in fruit and vegetable prices is usual before Christmas because of higher demand and reduced supplies.

Nevertheless, the increases this year have been less than expected because of good harvest which have made supplies more plentiful than normal. Overall, indeed fresh vegetable prices are about 14 per cent lower than last year, and fresh fruit is about 11 per cent cheaper.

The section of the FT basket covering fruit and vegetables, however, showed the largest absolute increase this month, rising from £182.52 to £200.36.

Nearly all vegetables cost more in the 25 shops of the FT shoppers throughout the UK. Potatoes were up by about 1p a pound, cabbages up by 3p a pound, and lettuces by more than 6p each. Cauliflowers were also about 6p dearer for a medium-sized one, and they were in very short supply.

Tomatoes went up sharply in price by at least 10p per pound, while mushrooms were 1p more per quarter pound in most cases. Apples were also up slightly in price, and oranges were much more expensive.

The rise of almost £8 in the dairy produce sector of the basket to just over £512 was mainly due to higher egg prices. These have risen by between 1p and 6p per half dozen.

Cheddar cheese is about 5p more per pound than last month, although milk has remained at a steady price. Butter and margarine prices have also stayed fairly constant, but Danish butter is about 6p per pound cheaper.

The price of a standard loaf of bread rose by 1p earlier this month after the Price Commission decided not to intervene in the proposed increases. This was mainly responsible for the rise of almost 5d in the bread, flour and cereals section of the basket. But a number of break-

| | NOVEMBER, 1978 | Dec. | Nov. |
|---|----------------|----------|------|
| Dairy produce | 512.44 | 504.18 | |
| Sugar, tea, coffee, soft drinks | 174.11 | 175.52 | |
| Bread, flour and cereals | 242.33 | 238.50 | |
| Preserves and dry groceries | 86.47 | 86.12 | |
| Sauces and pickles | 42.11 | 42.01 | |
| Canned goods | 157.31 | 156.17 | |
| Frozen foods | 191.32 | 191.93 | |
| Meat, bacon, etc. (fresh) | 443.14 | 445.78 | |
| Fruit and vegetables | 200.36 | 182.52 | |
| Non-foods | 183.56 | 180.50 | |
| Total | 2,233.59 | 2,203.23 | |
| Index for December: 105.10 | | | |
| 1978: March 100; April 101.77; May 103.11; June 104.18; July 102.41; August 101.39; September 101.90; October 101.77; November 103.47; December 105.10. | | | |

fast cereal prices, also increased. Weetabix, for example, went up by 4p.

Meat prices were generally down this month, with lamb showing the sharpest falls. However, beef was about 5p per pound more in most cases, and steak and mince have also risen.

The Financial Times Grocery Price Index is copyright, and should not be reproduced or used in any way without consent.

ICI to build £10m plant

By SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries is to build a £10m effluent disposal system at its Stevenston manufacturing site in Ayrshire.

The 2,000-acre site is currently served by a network of effluent disposal systems which were installed piecemeal as manufacturing at Stevenston developed and expanded. Some of the existing systems discharge into the River Garroch.

The new system will enable all effluents from the site to be collected, transferred to a pumping station near the site and then discharged into deep sea water via a submarine pipeline over a mile long.

Explosives, industrial nitrocellulose, silicones, dyestuffs, intermediates and acids are produced at the Stevenston site, where over 3,500 people are employed.

Construction of the new effluent disposal system is expected to provide about 200 jobs over two years.

Existing plans to improve London's roads are "inadequate" and will fail to renew business confidence in the area, the chamber says in comments on plans by the Greater London Council to improve London's road system.

It warns that considerable additional resources will have to be made available for road improvements if London is to retain industries.

The chamber is concerned about the lack of an adequate inner southern orbital route and while it accepts difficulties in building such a road the chamber said a tunnel may be the only choice.

A southern orbital route was vital to complement the proposed West London relief road. Without it inner London would be particularly vulnerable to unemployment and increasing deprivation. While overall unemployment in inner London was about 6.5 per cent, in South London it was between 7.5 per cent and 10.5 per cent and in Deptford it was nearer 14 per cent.

The chamber "totally rejects" suggestions that the contribution of roads to economic development is not proven. Money spent on London's roads was an investment for future employment.

Food profit up 'only slightly'

By David Churchill, Consumer Affairs Correspondent

THE PROFITABILITY of food manufacturers has improved slightly, according to latest figures by the Food and Drink Industries Council.

The council's quarterly survey of profitability of 31 companies shows a rise from margins of 2.8 per cent in the first quarter of this year to 3.8 per cent in the second quarter.

The council says that "this is still below that of the second quarter of 1977 and is inadequate to permit the industry to play its fair share in the achievement of a sustained economic recovery."

The steep increase in consumers' expenditure over the last year has not significantly benefited the food industry, it adds.

The increased purchasing power has tended to flow towards fresh foods, some of which have fallen in price, and consumer durable goods.

On whatever basis the figures are calculated, whether in current or constant prices, "the profit levels remain inherently unsatisfactory."

The food industry faces problems that remain outside its immediate control.

These include "the continuing erratic movements on the foreign exchange markets combined with the prospect of a rise in the price of oil, as well as the high level of wage claims and labour unrest."

The council concludes that "the recovery in profit margins in the second quarter has yet to stand upon firm foundations."

THE PATTERN of strikes in 1978 has supported both major contentions about stoppages: that only a few plants are affected, but that those plants continue to reinforce the image of Britain as permanently strike-prone.

Official figures from the Department of Employment for the year are likely to show that the number of strikes has been below 100, a far cry from last year's total of 2,708 recorded stoppages.

The 1977 total of the number of working days lost was a sharp reverse of the downward trend, with 10,142,000 days lost, and the total for this year could be even larger. But the figure will be a less useful indicator than normal because it will be inflated by the number lost in the long stoppage at Ford Motor.

The year began with troops taking over in the first national firemen's strike, and drew to a close with a short spell of blank television screens and silent radios in a dispute over BBC pay.

In between were strikes at BL's Bathgate lorry plant in Scotland and at the group's Speke plant on Merseyside, which eventually had to be closed permanently, a national bakery workers' strike, and a major national strike at Ford Motor, where a 17 per cent pay settlement appeared to break the back of the Government's pay policy in the private sector.

The official strike statistics have come under renewed attack this year as being seriously unrepresentative of the true picture of industrial relations in Britain.

In a survey of stoppages in one week in September, The Sunday Times found 200 disputes. The Employment Department's figures record only 232 strikes in the whole month.

The gap allowed critics of the figures to point to serious deficiencies in the Department's method of reporting stoppages. The official figures exclude strikes involving fewer than ten workers or lasting less than one day, though these strikes are included if the total number of working days lost through them rises above 100.

The Department's most thoroughgoing refutation of claims that Britain is strike-prone—though also its most open admission of the limitations of its own strike reporting—was made in a major historical study of strikes in Britain, 1966-1973, just published.

The study admits that since 1968 "there has been a serious explosion of strike activity" and notes the view that the nature and extent of industrial action in Britain has been "a major cause of our relatively poor record of industrial growth since the war."

London 'needs new road'

By Paul Taylor

THE SURVIVAL of London's inner city as a business and industrial centre depends on the building of a southern orbital road in a tunnel, claims the London Chamber of Commerce.

Existing plans to improve London's roads are "inadequate" and will fail to renew business confidence in the area, the chamber says in comments on plans by the Greater London Council to improve London's road system.

It warns that considerable additional resources will have to be made available for road improvements if London is to retain industries.

The chamber is concerned about the lack of an adequate inner southern orbital route and while it accepts difficulties in building such a road the chamber said a tunnel may be the only choice.

A southern orbital route was vital to complement the proposed West London relief road. Without it inner London would be particularly vulnerable to unemployment and increasing deprivation. While overall unemployment in inner London was about 6.5 per cent, in South London it was between 7.5 per cent and 10.5 per cent and in Deptford it was nearer 14 per cent.

The chamber "totally rejects" suggestions that the contribution of roads to economic development is not proven. Money spent on London's roads was an investment for future employment.

Strike-prone image blamed on small number of plants

By PHILIP BASSETT, LABOUR STAFF

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Leigh Interests wins waste tip appeal

By COLLEEN TOOMEY

LEIGH INTERESTS, the £140m-a-year waste treatment and disposal group, has won an appeal to be allowed to tip up to 15m gallons of toxic waste a year in a disused colliery in the West Midlands.

Mr Peter Shore, the Environment Secretary, has granted permission for treated liquid waste to be tipped in underground workings at Empire Works in Aldridge.

A 13-day inquiry was held in June and July this year into an appeal by Leigh Interests against the failure of Walsall Borough Council to give the go-ahead for tipping.

Since then, residents have been joined in their fight against it by three Labour Members of Parliament.

The three MPs from the Midlands have arranged to meet Sir Derek Ezra, chairman of the National Coal Board, to urge him to refuse permission for the NCB workings to be used.

Residents are concerned that depositing liquid waste into the disused colliery might lead to pollution of ground water supplies and to the collapse of other mine shafts in built-up areas. They are also worried that Aldridge will become the dumping ground for toxic waste from a wide area.

But Mr Shore, in making his decision, said that he agreed with this inspector's conclusion that planning permission should be granted.

The decision is subject to several conditions ensuring protection of the environment, including stabilising or capping remaining mine shafts that could be affected by the waste, and monitoring of three bore holes to maintain the level of the liquid.

Mr Edward Wilkinson, managing director of Leigh Interests effluent disposal subsidiary, said he was delighted with the decision.

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Council backs supermarket

A £3m supermarket and warehouse on a 2

Building and Civil Engineering

Laing's £13.5m

JOHN LAING Construction, North East region, has won a £13.5m contract to build a new medical school as part of the redevelopment of the Royal Victoria Infirmary in Newcastle-upon-Tyne for the Northern Regional Health Authority.

The project involves the construction of two blocks: one seven-storey and one part six and part seven-storey. There will be links and ancillary structures at various levels, a boiler house extension, and the construction of a new chimney and associated external works.

Structurally, the two blocks will have concrete pad foundations with concrete ground floor slab and in situ beams

which will have permanent formwork with in situ concrete topping. Walls will be of brickwork and blockwork.

Mechanical and electrical installations will include nine lifts, heating and ventilating systems, five water service systems, three extensive fume cupboard extract systems, and a number of gas distribution systems.

Electrical installations also include high- and medium-voltage distribution systems, transformers, distribution gear and various alarm communication systems.

Architects for the scheme are Robert Matthew, Johnson, Marshall and Partners of Edinburgh.

Fairclough in Chester

THE SHOPPING space in Chesterfield's indoor market will be doubled upon the completion of a £1.5m contract awarded to Fairclough Building.

The old Corn Exchange will be demolished to make way for the extension to Chesterfield's Victorian Market Hall, a building protected by a preservation order.

Shops will be provided around the perimeter of the extension and the original hall will be modernised to provide better facilities and a basement storage area for traders on the outside market.

Paving the way for further development of Telford New Town, Shropshire, is the tunnelling division of Fairclough Construction which will provide new foul and surface water sewers in the Donnington district of the town.

NOTICE OF REDEMPTION

To the Holders of

Honda Motor Co., Ltd.

7½% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN, that One Million Fifty Thousand Dollars (\$1,050,000.00) principal amount of Honda Motor Co., Ltd. 7½% Guaranteed Sinking Fund Debentures Due 1981 and bearing the following serial numbers, have been drawn for redemption for account of the Sinking Fund on January 15, 1979 at the principal amount thereof and accrued interest to that date.

| DEBENTURES IN DENOMINATION OF \$1,000. EACH | | | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|-------|-------|
| 15 | 1080 | 2238 | 3218 | 4648 | 5341 | 6903 | 7939 | 8857 | 9724 | 10622 | 12469 |
| 23 | 1070 | 3248 | 3231 | 4656 | 5349 | 6912 | 7943 | 8861 | 9735 | 10633 | 12482 |
| 31 | 1081 | 2239 | 3237 | 4651 | 5350 | 6917 | 7950 | 8862 | 9736 | 10634 | 12484 |
| 39 | 1082 | 2240 | 3238 | 4652 | 5351 | 6918 | 7951 | 8863 | 9737 | 10635 | 12486 |
| 47 | 1083 | 2241 | 3239 | 4653 | 5352 | 6919 | 7952 | 8864 | 9738 | 10636 | 12488 |
| 55 | 1084 | 2242 | 3240 | 4654 | 5353 | 6920 | 7953 | 8865 | 9739 | 10637 | 12490 |
| 63 | 1085 | 2243 | 3241 | 4655 | 5354 | 6921 | 7954 | 8866 | 9740 | 10638 | 12492 |
| 71 | 1086 | 2244 | 3242 | 4656 | 5355 | 6922 | 7955 | 8867 | 9741 | 10639 | 12494 |
| 79 | 1087 | 2245 | 3243 | 4657 | 5356 | 6923 | 7956 | 8868 | 9742 | 10640 | 12496 |
| 87 | 1088 | 2246 | 3244 | 4658 | 5357 | 6924 | 7957 | 8869 | 9743 | 10641 | 12498 |
| 95 | 1089 | 2247 | 3245 | 4659 | 5358 | 6925 | 7958 | 8870 | 9744 | 10642 | 12500 |
| 103 | 1090 | 2248 | 3246 | 4660 | 5359 | 6926 | 7959 | 8871 | 9745 | 10643 | 12502 |
| 111 | 1091 | 2249 | 3247 | 4661 | 5360 | 6927 | 7960 | 8872 | 9746 | 10644 | 12504 |
| 119 | 1092 | 2250 | 3248 | 4662 | 5361 | 6928 | 7961 | 8873 | 9747 | 10645 | 12506 |
| 127 | 1093 | 2251 | 3249 | 4663 | 5362 | 6929 | 7962 | 8874 | 9748 | 10646 | 12508 |
| 135 | 1094 | 2252 | 3250 | 4664 | 5363 | 6930 | 7963 | 8875 | 9749 | 10647 | 12510 |
| 143 | 1095 | 2253 | 3251 | 4665 | 5364 | 6931 | 7964 | 8876 | 9750 | 10648 | 12512 |
| 151 | 1096 | 2254 | 3252 | 4666 | 5365 | 6932 | 7965 | 8877 | 9751 | 10649 | 12514 |
| 159 | 1097 | 2255 | 3253 | 4667 | 5366 | 6933 | 7966 | 8878 | 9752 | 10650 | 12516 |
| 167 | 1098 | 2256 | 3254 | 4668 | 5367 | 6934 | 7967 | 8879 | 9753 | 10651 | 12518 |
| 175 | 1099 | 2257 | 3255 | 4669 | 5368 | 6935 | 7968 | 8880 | 9754 | 10652 | 12520 |
| 183 | 1100 | 2258 | 3256 | 4670 | 5369 | 6936 | 7969 | 8881 | 9755 | 10653 | 12522 |
| 191 | 1101 | 2259 | 3257 | 4671 | 5370 | 6937 | 7970 | 8882 | 9756 | 10654 | 12524 |
| 199 | 1102 | 2260 | 3258 | 4672 | 5371 | 6938 | 7971 | 8883 | 9757 | 10655 | 12526 |
| 207 | 1103 | 2261 | 3259 | 4673 | 5372 | 6939 | 7972 | 8884 | 9758 | 10656 | 12528 |
| 215 | 1104 | 2262 | 3260 | 4674 | 5373 | 6940 | 7973 | 8885 | 9759 | 10657 | 12530 |
| 223 | 1105 | 2263 | 3261 | 4675 | 5374 | 6941 | 7974 | 8886 | 9760 | 10658 | 12532 |
| 231 | 1106 | 2264 | 3262 | 4676 | 5375 | 6942 | 7975 | 8887 | 9761 | 10659 | 12534 |
| 239 | 1107 | 2265 | 3263 | 4677 | 5376 | 6943 | 7976 | 8888 | 9762 | 10660 | 12536 |
| 247 | 1108 | 2266 | 3264 | 4678 | 5377 | 6944 | 7977 | 8889 | 9763 | 10661 | 12538 |
| 255 | 1109 | 2267 | 3265 | 4679 | 5378 | 6945 | 7978 | 8890 | 9764 | 10662 | 12540 |
| 263 | 1110 | 2268 | 3266 | 4680 | 5379 | 6946 | 7979 | 8891 | 9765 | 10663 | 12542 |
| 271 | 1111 | 2269 | 3267 | 4681 | 5380 | 6947 | 7980 | 8892 | 9766 | 10664 | 12544 |
| 279 | 1112 | 2270 | 3268 | 4682 | 5381 | 6948 | 7981 | 8893 | 9767 | 10665 | 12546 |
| 287 | 1113 | 2271 | 3269 | 4683 | 5382 | 6949 | 7982 | 8894 | 9768 | 10666 | 12548 |
| 295 | 1114 | 2272 | 3270 | 4684 | 5383 | 6950 | 7983 | 8895 | 9769 | 10667 | 12550 |
| 303 | 1115 | 2273 | 3271 | 4685 | 5384 | 6951 | 7984 | 8896 | 9770 | 10668 | 12552 |
| 311 | 1116 | 2274 | 3272 | 4686 | 5385 | 6952 | 7985 | 8897 | 9771 | 10669 | 12554 |
| 319 | 1117 | 2275 | 3273 | 4687 | 5386 | 6953 | 7986 | 8898 | 9772 | 10670 | 12556 |
| 327 | 1118 | 2276 | 3274 | 4688 | 5387 | 6954 | 7987 | 8899 | 9773 | 10671 | 12558 |
| 335 | 1119 | 2277 | 3275 | 4689 | 5388 | 6955 | 7988 | 8900 | 9774 | 10672 | 12560 |
| 343 | 1120 | 2278 | 3276 | 4690 | 5389 | 6956 | 7989 | 8901 | 9775 | 10673 | 12562 |
| 351 | 1121 | 2279 | 3277 | 4691 | 5390 | 6957 | 7990 | 8902 | 9776 | 10674 | 12564 |
| 359 | 1122 | 2280 | 3278 | 4692 | 5391 | 6958 | 7991 | 8903 | 9777 | 10675 | 12566 |
| 367 | 1123 | 2281 | 3279 | 4693 | 5392 | 6959 | 7992 | 8904 | 9778 | 10676 | 12568 |
| 375 | 1124 | 2282 | 3280 | 4694 | 5393 | 6960 | 7993 | 8905 | 9779 | 10677 | 12570 |
| 383 | 1125 | 2283 | 3281 | 4695 | 5394 | 6961 | 7994 | 8906 | 9780 | 10678 | 12572 |
| 391 | 1126 | 2284 | 3282 | 4696 | 5395 | 6962 | 7995 | 8907 | 9781 | 10679 | 12574 |
| 399 | 1127 | 2285 | 3283 | 4697 | 5396 | 6963 | 7996 | 8908 | 9782 | 10680 | 12576 |
| 407 | 1128 | 2286 | 3284 | 4698 | 5397 | 6964 | 7997 | 8909 | 9783 | 10681 | 12578 |
| 415 | 1129 | 2287 | 3285 | 4699 | 5398 | 6965 | 7998 | 8910 | 9784 | 10682 | 12580 |
| 423 | 1130 | 2288 | 3286 | 4700 | 5399 | 6966 | 7999 | 8911 | 9785 | 10683 | 12582 |
| 431 | 1131 | 2289 | 3287 | 4701 | 5400 | 6967 | 8000 | 8912 | 9786 | 10684 | 12584 |
| 439 | 1132 | 2290 | 3288 | 4702 | 5401 | 6968 | 8001 | 8913 | 9787 | 10685 | 12586 |
| 447 | 1133 | 2291 | 3289 | 4703 | 5402 | 6969 | 8002 | 8914 | 9788 | 10686 | 12588 |
| 455 | 1134 | 2292 | 3290 | 4704 | 5403 | 6970 | 8003 | 8915 | 9789 | 10687 | 12590 |
| 463 | 1135 | 2293 | 3291 | 4705 | 5404 | 6971 | 8004 | 8916 | 9790 | 10688 | 12592 |
| 471 | 1136 | 2294 | 3292 | 4706 | 5405 | 6972 | 8005 | 8917 | 9791 | 10689 | 12594 |
| 479 | 1137 | 2295 | 3293 | 4707 | 5406 | 6973 | 8006 | 8918 | 9792 | 10690 | 12596 |
| 487 | 1138 | 2296 | 3294 | 4708 | 5407 | 6974 | 8007 | 8919 | 9793 | 10691 | 12598 |
| 495 | 1139 | 2297 | 3295 | 4709 | 5408 | 6975 | 8008 | 8920 | 9794 | 10692 | 12600 |
| 503 | 1140 | 2298 | 3296 | 4710 | 5409 | 6976 | 8009 | 8921 | 9795 | 10693 | 12602 |
| 511 | 1141 | 2299 | 3297 | 4711 | 5410 | 6977 | 8010 | 8922 | 9796 | 10694 | 12604 |
| 519 | 1142 | 2300 | 3298 | 4712 | 5411 | 6978 | 8011 | 8923 | 9797 | 10695 | 12606 |
| 527 | 1143 | 2301 | 3299 | 4713 | 5412 | 6979 | 8012 | 8924 | 9798 | 10696 | 12608 |
| 535 | 1144 | 2302 | 3300 | 4714 | 5413 | 6980 | 8013 | 8925 | 9799 | 10697 | 12610 |
| 543 | 1145 | 2303 | 3301 | 4715 | 5414 | 6981 | 8014 | 8926 | 9800 | 10698 | 12612 |
| 551 | 1146 | 2304 | 3302 | 4716 | 5415 | 6982 | 8015 | 8927 | 9801 | 10699 | 12614 |
| 559 | 1147 | 2305 | 3303 | 4717 | 5416 | 6983 | 8016 | 8928 | 9802 | 10700 | 12616 |
| 567 | 1148 | 2306 | 3304 | 4718 | 5417 | 6984 | 8017 | 8929 | 9803 | 10701 | 12618 |
| 575 | 1149 | 2307 | 3305 | 4719 | 5418 | 6985 | 8018 | 8930 | 9804 | 10702 | 12620 |
| 583 | 1150 | 2308 | 3306 | 4720 | 5419 | 6986 | 8019 | 8931 | 9805 | 10703 | 12622 |
| 591 | 1151 | 2309 | 3307 | 4721 | 5420 | 6987 | 8020 | 8932 | 9806 | 10704 | 12624 |
| 599 | 1152 | 2310 | 3308 | 4722 | 5421 | 6988 | 8021 | 8933 | 9807 | 10705 | 12626 |
| 607 | 1153 | 2311 | 3309 | 4723 | 5422 | 6989 | 8022 | 8934 | 9808 | 10706 | 12628 |
| 615 | 1154 | 2312 | 3310 | 4724 | 5423 | 6990 | 8023 | 8935 | 9809 | 10707 | 12630 |
| 623 | 1155 | 2313 | 3311 | 4725 | 5424 | 6991 | 8024 | 8936 | 9810 | 10708 | 12632 |
| 631 | 1156 | 2314 | 3312 | 4726 | 5425 | 6992 | 8025 | 8937 | 9811 | 10709 | 12634 |
| 639 | 1157 | 2315 | 3313 | 4727 | 5426 | 6993 | 8026 | 8938 | 9812 | 10710 | 12636 |
| 647 | 1158 | 2316 | 3314 | 4728 | 5427 | 6994 | 8027 | 8939 | 9813 | 10711 | 12638 |
| 655 | 1159 | 2317 | 3315 | 4729 | 5428 | 6995 | 8028 | 8940 | 9814 | 10712 | 12640 |
| 663 | 1160 | 2318 | 3316 | 4730 | 5429 | 6996 | 8029 | 8941 | 9815 | 10713 | 12642 |
| 671 | 1161 | 2319 | 3317 | 4731 | 5430 | 6997 | 8030 | 8942 | 9816 | 10714 | 12644 |
| 679 | 1162 | 2320 | 3318 | 4732 | 5431 | 6998 | 8031 | 8943 | 9817 | 10715 | 12646 |
| 687 | 1163 | 2321 | 3319 | 4733 | 5432 | 6999 | 8032 | 8944 | 9818 | 10716 | 12648 |
| 695 | 1164 | 2322 | 3320 | 4734 | 5433 | 7000 | 8033 | 8945 | 9819 | 10717 | 12650 |
| 703 | 1165 | 2323 | 3321 | 4735 | 5434 | 7001 | 8034 | 8946 | 9820 | 10718 | 12652 |
| 711 | 1166 | 2324 | 3322 | 4736 | 5435 | 7002 | 8035 | 8947 | 9821 | 10719 | 12654 |
| 719 | 1167 | 2325 | 3323 | 4737 | 5436 | 7003 | 8036 | 8948 | 9822 | 10720 | 12656 |
| 727 | 1168 | 2326 | 3324 | 4738 | 5437 | 7004 | 8037 | 8949 | 9823 | 10721 | 12658 |
| 735 | 1169 | 2327 | 3325 | 4739 | 5438 | 7005 | 8038 | 8950 | 9824 | 10722 | 12660 |
| 743 | 1170 | 2328 | 3326 | 4740 | 5439 | 7006 | 8039 | 8951 | 9825 | 10723 | 12662 |
| 751 | 1171 | 2329 | 3327 | 4741 | 5440 | 7007 | 8040 | 8952 | 9826 | 10724 | 12664 |
| 759 | 1172 | 2330 | 3328 | 4742 | 5441 | 7008 | 8041 | 8953 | 9827 | 10725 | 12666 |
| 767 | 1173 | 2331 | 3329 | 4743 | 5442 | 7009 | 8042 | 8954 | 9828 | 10726 | 12668 |
| 775 | 1174 | 2332 | 3330 | 4744 | 5443 | 7010 | 8043 | 8955 | 9829 | 10727 | 12670 |
| 783 | 1175 | 2333 | 3331 | 4745 | 5444 | 7011 | 8044 | 8956 | 9830 | 10728 | 12672 |
| 791 | 1176 | 2334 | 3332 | 4746 | 5445 | 7012 | 8045 | 8957 | 9831 | 10729 | 12674 |
| 799 | 1177 | 2335 | 3333 | 4747 | 5446 | 7013 | 8046 | 8958 | 9832 | 10730 | 12676 |
| 807 | 1178 | 2336 | 3334 | 4748 | 5447 | 7014 | 8047 | 8959 | 9833 | 10731 | 12678 |
| 815 | 1179 | 2337 | 3335 | 4749 | 5448 | 7015 | 8048 | 8960 | 9834 | 10732 | 12680 |
| 823 | 1180 | 2338 | 3336 | 4750 | 5449 | 7016 | 8049 | 8961 | 9835 | 10733 | 12682 |
| 831 | 1181 | 2339 | 3337 | 4751 | 5450 | 7017 | 8050 | 8962 | 9836 | 10734 | 12684 |
| 839 | 1182 | 2340 | 3338 | 4752 | 5451 | 7018 | 8051 | 8963 | 9837 | 10735 | 12686 |
| 847 | 1183 | 2341 | 3339 | 4753 | 5452 | 7019 | 8052 | 8964 | 9838 | 10736 | 12688 |
| 855 | 1184 | 2342 | 3340 | 4754 | 5453 | 7020 | 8053 | 8965 | 9839 | 10737 | 12690 |
| 863 | 1185 | 2343 | 3341 | 4755 | 5454 | 7021 | 8054 | 8966 | 9840 | 10738 | 12692 |
| 871 | 1186 | 2344 | 3342 | 4756 | 5455 | 7022 | 8055 | 8967 | 9841 | 10739 | 12694 |
| 879 | 1187 | 2345 | 3343 | 4757 | 5456 | 7023 | 8056 | 8968 | 9842 | 10740 | 12696 |
| 887 | 1188 | 2346 | 3344 | 4758 | | | | | | | |

THE MANAGEMENT PAGE

A new force in the power-tool market

Lisa Wood on Rockwell's bid to drill into Black and Decker's UK base



FOR THE UK's vast army of do-it-yourself handymen, the word "power tool" has always been generally synonymous with Black and Decker. But for how much longer?

Rockwell International, the U.S. conglomerate with sales for 1978 estimated at \$5.6bn and \$5.5bn in 1977, is beginning to bite into the UK domestic power-tool market. Rockwell products, imported from the U.S., reached the shops only about a year ago, but by the end of its last financial year in September, Rockwell said it had a 5 per cent share of the

British market. It claims that the Christmas rush has boosted its share still further.

The original plan was to win a 15 per cent share in the £22m market within five years, but Bob Allen, general manager of the UK power tools subsidiary, now claims this target is achievable within three years.

Black and Decker is reluctant to comment on Rockwell's market penetration, though it vigorously denies the claim of a 5 per cent market share. But it declines to give details of its own sales.

How has Rockwell's six-person

UK team, which employs no sales force of its own, broken into the UK market, which has been clearly led by one manufacturer for many years? One explanation is the experience Rockwell has already gained in the U.S., where it has taken its share of the power tools consumer market to a claimed 23 per cent, against its estimate of 40 per cent for Black and Decker. Rockwell's latest annual report shows that its power tools sales in the U.S. rose in 1977 by 16 per cent to \$200m.

Allen sees the domestic power tools market as becoming more

specialised and sophisticated in its demands. "We believe—and sales are bearing us out—that demand is changing. People want self-powered tools with specific functions, rather than basic drills with attachments.

"Our products are relatively expensive but the quality and design of our tools justify that," says Allen.

The company has carried out an expensive promotional scheme of a customer buys a Rockwell orbital sanding machine, for example (recommended retail price £29.95) he gets a free jig saw (recommended retail price £24.95).

Allen denies reports that Rockwell was prepared to sustain a £5m loss in order to gain a UK foothold. He says the company entered a break-even position at the end of the financial year and would be trading profitably next year.

But a *Stimpus* receivables bill has been run up by the company with its interest free credit scheme for stockists, which is about to expire, having run from July to January 1. This has enabled dealers to stock, sell and replace Rockwell tools for up to six months on

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WITH STOCK option schemes a commonplace of the American business "world", employee-shareholders have long been a fixture in most companies—a sharp contrast with general practice on this side of the Atlantic.

But few U.S. companies are in the same league as Dana Corporation, the motor components company which, in the words of its chairman, is "quite auto about it".

Over 15,000 of Dana's 36,600 employees now hold shares in the company, and together account for about 10 per cent of the equity. Seen another way, 42 per cent of Dana's shareholders are also its employees.

The size of this employee shareholding is unusual on two counts. Not only is it surprising to see this level of interest in a company so large (over \$2bn of sales at the latest count), but most of the cost of the purchases to date has been borne by the employees themselves—this is not the usual sort of scheme, which is primarily company-funded.

Dana's comment to its employees and their motivation is both strong and individualistic. It is the first major American company to introduce the plan devised by the American Trade Union leader Joe Scanlon of profit sharing—where management and workers meet to establish benchmarks and share the benefits of increased productivity.

In addition the company runs a number of other incentive schemes. According to the accounts for the year ending

Dana sings the praises of incentive schemes

August 31, 1978, additional compensation to employees, under these schemes, came to \$50.6m, which represents about 9 per cent of payroll costs.

The scheme by which employees can buy Dana stock was first introduced in 1969. Anybody was eligible to buy shares through the scheme, providing he or she was a full-time employee of the company or one of its subsidiaries. At that stage the only expenses met by the company were for brokerage and administration, and the only people excluded from the scheme—and they still are—were the top executives.

This, Ren McPherson, chairman of Dana, explains, was because the company did not want people accusing top management of devising a scheme to help the "fat cats".

Not, he hastily points out, that there are any of these at Dana, though they do have their own share option scheme, which is in line with normal practice in the U.S.

Under the initial share purchase scheme 25 per cent of Dana's employees chose to buy shares in the company. As is quite common with share purchasing arrangements, the main attraction is for the white-collar staff, although this was not true at every plant within Dana.

To encourage more employees into share ownership, the company boosted the purchase scheme in April 1976 by introducing the inducement of a company contribution based on profitability. The actual contribution made by the company is based on return on sales after tax: when this reaches 5.5 per cent the company tops up the employees' own savings by 20 per cent. The company contribution progressively increases, as return on sales increases, up to a maximum of 50 per cent when the return is 7 per cent. Currently it is 8 per cent.

As soon as the new scheme was introduced there was a sharp rise in the number of employees participating: from 28 to 62 per cent—the subsequent fall to today's 48 per cent was the result of an acquisition in 1977 which increased the number of employees by 5,000.

"Much more important than the increase in numbers participating," says Ren McPherson "is that the amount each person was purchasing doubled."

The purchasing system works through a payroll deduction. Any employee can authorise a deduction for as little as £10 a month, and up to 10 per cent of

salary, to a maximum of \$2,500 a year.

Trustees of the scheme buy the shares at correct market prices. The actual way the shares are distributed to the employees is also important, says McPherson. Every six months employees receive their certificates at their place of work from their immediate supervisor.

The point of this is to reinforce the employees' identity with the shares and with the company. It does not go unnoticed by the non-participating employees, who see their colleagues receiving perhaps several hundred dollars of shares.

With a post-tax return on sales for the year to August 31, 1978, of 6 per cent the company's contribution amounted to 30 per cent of the employees', totalling \$2.4m.

McPherson is understandably, very enthusiastic about the scheme. He hopes to raise the maximum annual contribution soon—he admits it was there to stop people spending too much, but now considers that perhaps this was not treating employees as adults.

From the point of view of any company with an employee scheme one of the main purposes must be to encourage people to identify with the company in the hope that productivity will rise.

If it can go one step further and persuade its employees to buy its stock, largely with their own money, they should identify even more closely with its interests.

Jason Crisp

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

A time for modest resolution

CHILDREN DANCING to the pipes, cornets and cymbals; their elders playing chess by rushlight and muttering about the falling value of the pound in their pockets, and the inevitable failure of the English Morris team in the latest Test. Such must have been the New Year resolutions of seven centuries ago when the first residents of our house were celebrating the approaching eighth year of good King Edward's reign.

Old Granny, meanwhile, would be staring at the embers that were heating her stew, the noxious vapours of the mixture of herbs, hot blood and toud pieces waiting upwards in the blackened roof of the Great Hall. Everyone might have colds due to the smoke, but they did not realise how much luckier they were than their descendants who, following the Black Death of 1343, would have only north facing windows for generations to come because of the "pest" that plague came from the south.

What of their New Year resolutions? Perhaps old Sir Gervase decided to lay off the meat for a while, while his son, Harpold, after mockery by his good wife about his middle aged spread, would plan to go jogging on the next Crusade. As for Master Cedric, worried about his jousting efforts, he promised himself to practise archery instead of constantly sneaking off after the serf-girls.



not things wrong. Proteins and vitamins are of value; not wasted tea-cakes. Every night on the train he would drink large glasses of tea-cakes like nasty pills, until he acquired the nickname "old DG and TT". As he had vowed, so he continued until, after eight months, he had put on two stone and had a doomed liver. I never saw him again after he had been carried away one night following a particularly savage bout of gin and tea-cakes.

To be more serious, of course, all sedentary workers should aim to take more exercise—walking in particular—on a steady basis, not in fits and starts. The obese should try to reduce slowly for their own bodily comfort. And needless to say, the alcoholics should be encouraged to abandon a poisonous habit. On the other hand, not too much notice should be paid to the more obsessional medical notions put forth by the media, for if all were followed, a lingering life would be sheer misery. Longevity cannot be guaranteed—no, not even if you have ensured that your grandparents were centenarians living in a hard water district.

Moderation is sane. Obsessional exercising and dieting is merely quins. Enjoy living without spindling yourselves, practice tolerance, praise a little and you may be praised, and 1979 will be a better year than the one that is dying.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSES

Rust test for tanks

EASY TO operate, a semi-automatic system for monitoring the floor plate thickness of underground storage tanks has been developed by the MatEval NDT Company of Newton-le-Willows, Merseyside. The system is mounted in a wheeled trolley, which is manually pushed over the floor while interpretation of results is carried out external to the tank.

The trolley contains eight spring-loaded skids which provide a mean surface from which measurements are taken. A 4mHz, twin-crystal contact probe is mounted in each skid and each probe is individually connected into a junction box, via cable glands. A supply pipe feeds the contact (coupling) water to a control valve on the handle of the trolley. The pipe

MATERIALS

Adhesive aids panel production

BERICOL National G 701 contact adhesive is being used for the construction of 18,000 square metres of facade panels for the Cosmos Hotel, currently under construction in Moscow for the 1980 Olympic Games.

According to Isosta SA, French makers of the panels, use of this adhesive, based on Du Pont neoprene, represented a considerable improvement in many respects over traditional methods using urea formaldehyde or resorcinol adhesives.

Bericol belongs to the U.S. National Starch and Chemical Corporation and has a French depot.

With the neoprene-based adhesive system, panel constituents are moved on an assembly line: they first pass under a spraying system which coats them with adhesive then under

DATA PROCESSING

Bureau expands service

LOWNDES-AJAX Computer Service, Croydon-based data preparation and processing bureau, is offering Simplan, a computer-based modelling system, in the UK.

Developed by Social Systems Inc. in the United States, the package is for managers, accountants and analysts in multi-purpose planning, budgeting and modelling language applications.

Ability to use computer systems in planning and modelling strategies is becoming more and more important—not only for large multi-national companies but also for smaller companies with fewer resources.

Lowndes-Ajax aims to provide clients with responsive computing and the marketing of Simplan is part of this policy, the company says. It recently completed extensive upgrading of hardware and software and has doubled the storage capacity of its IBM 370/158-3 mainframe from 2 Megabytes to 4 Megabytes. The additional

Dries surface coatings

A VARIETY of surface coatings and finishes on metal, timber, leather or plastic materials, can now be cured and dried in a recirculating box oven from Berridge Engineering, Queens Road East, Beeston, Nottingham (Nottingham 258291).

This is heated by gas or electricity from a combustion chamber and heater unit located on its roof and fitted with both operating and safety controls.

A high efficiency fan recirculates hot air to maintain consistent temperature throughout the oven.

Oven temperature may be

Strong rubber compounds

HIGH STRENGTH resin rubber compounds—cheaper than polypropylene and easier to work than "Ebonite"—have been developed in Britain by Chloride Lorival, member of the Chloride Group.

The new materials, reinforced with synthetic resins, are available with a broad range of impact values and cross-break strengths.

Supplied in unvulcanised sheet form in varying thicknesses they are similar in appearance to hard rubbers, but

Fast choice of coils

A TEN-FOLD improvement in the speed of estimating complex projects involving heating and cooling coils and air heating units is being achieved by Myson's industrial heating division following the introduction of computer estimating and selection at the division's plant at Old Wolverton, Milton Keynes.

Accurate selection and pricing of the most cost-effective air heating and air-cooling coils—which are incorporated in air handlers, as well as being sold

Water sterilisers

ULTRAVIOLET water sterilisers manufactured by Aquafine Corporation, Burbank, California, are to be distributed in the UK by Advanced Water Services.

The Aquafine CSL standard series of sterilisers produce radiated ultraviolet energy which will destroy all micro-organisms including bacteria, virus, yeast, mould or algae,

INSTRUMENTS

Data unit aids laboratory work

ADVANCES IN infra-red spectrophotometry are claimed with the introduction of Perkin-Elmer's Infrared Data Station. This can be directly connected to most of the company's high performance infra-red instruments to provide routine use of computer-aided infra-red spectrophotometry.

Essential differences between the new data station and previously introduced infra-red data processing systems are its very low cost and simple operation. As a result, the unit is

Adaptable writing units

FIRST of a new generation of Flexowriter automatic writing machines, the 2400 Series, comes from Scope Data Systems which has been sole agent for the existing Flexowriter and Computer ranges in the UK for the past two years.

Designed as an updated, up-rated replacement for the entire previous range it is based on the Intel 8085 microprocessor and a 45 c.p.s. daisy wheel printer. Applications from automatic letter-writing to numerical machine control, high-speed invoicing and accounting, text editing, and connection via interfaces to other equipment are possible.

Full alpha-numeric and numeric keyboard, interchangeable print heads for various

Miniature moisture meter

MAKING MAXIMUM use of microcircuits, Protimeter has been able to design a miniature moisture meter which it believes the timber industry and surveyors will find useful.

Fitting easily into the top pocket of a jacket the instrument has a pair of contact pins (protected by a cover when not in use) which are applied to the



Nilfisk

THE ARTS



Judi Dench—"The Way of the World"



Alec McCowen—"St. Mark's Gospel"



Sheila Hancock—"Annie"



Dorothy Tutin—"The Double Dealer"



Penelope Keith—"The Millionaire"



Nicol Williamson—"Inadmissible Evidence"



Tom Conti—"Whose Life is it Anyway?"



Anthony Quayle—"King Lear"

Photographs: Leonard Burt

1978: The theatre is active, if not profitable

by B. A. YOUNG

In my first full year as theatre critic of the Financial Times I went to the theatre 181 times. This year I have gone 240 times, and Michael Coveney must have gone as often. With so much defeatist talk about it, it is not surprising that the theatre is still vigorously active, even if it is not necessarily prosperous.

About 160 companies receive Arts Council subsidies. They don't all earn them equally, but the examples at the top are truly admirable. At the three theatres of the National, I have seen 21 productions; at the four of the Royal Shakespeare Company I have seen 23, plus two touring productions deemed for the smallest kind of house. Let us deal with some of these first.

In the National's big theatres, *The Double Dealer*, *Strife*, *The Philanthropist*, *The Woman*, *Plenty* were certainly artistic successes, even if I didn't like them all. *The Cherry Orchard* was ok but had the misfortune to open too soon after an outstanding production at the new and splendid Riverside Studios. *Bravado* was unhappily cast; *The Guards-*

man seemed to me to have been misunderstood; I would rather not speak of *Macbeth*. I found the new *Pinter*, *Stravinsky*, and *unintending*.

The protean Cottesloe has to my mind devoted too much time to adaptations of books—*Lark Rise*, *The World Turned Upside Down*, *The New Testament*. Admirable no doubt, but no encouragement to new writers. Not that what it has done it hasn't done well; but where are the Weskers, the Ardens, the Osbornes of 1978?

The Cottesloe has a characteristic in common with its RSC opposite number, the Warehouse, in that it seems to smoulder with democratic indoctrination. The Warehouse smoulders more warmly; most of what it has given us this year has dealt with sociological problems of the underprivileged. Much of it is very good, and here at any rate we do see young writers. I am sufficiently entrenched in my own political persuasions not to mind the politics of writers as long as they write well; but I cannot think that mounting plain productions of this kind of work is the best kind of training

for Shakespearean directors. Elsewhere the company has maintained its usual standards with a beautiful *Love's Labour's Lost*, a hilarious *Shrew*, an interesting *Peter Brook Antony and Cleopatra*, a rather unmagical *The Tempest* and an intimate *Merchant of Venice*. Though nothing has been so exciting as last year's *Henry VI* and *Coriolanus*, both of which came this year to the Aldwych. The Aldwych also gave us a fine *Way of the World*, an arguable *The Changeling* (like the National's *Cherry Orchard* strayed by a better production at the Riverside Studios shortly before), an unexpectedly blunt piece by David Mercer, *Cousin Vladimir*, and the awful *Women Pirets* by Steve Gooch, soon withdrawn in favour of the pretty *As You Like It*, though without its Stratford principals.

Best at the Royal Court has been the revival of *Inadmissible Evidence*, with Nicol Williamson repeating, even improving on, his old performance. Among new plays, I specially enjoyed Thomas Babe's *Prayer for my Daughter*, which reinforces my opinion that the young

American writers are writing much better than our own—an opinion reinforced by David Rabe's *Sticks and Bones* at the New End in Hampstead and *Streamers* at the Round House, and David Mamet's *American Buffalo* at the Cottesloe. The best native play at the Court was, I suppose, Bill Morrison's *Flying Blind* (an example of this house's obsession, with Irish politics); the most searing, Nigel Williams' *Class Enemy* and Alan Brown's *Wheelerchair Willie*; the most disappointing, *Laughter* by Peter Barnes. Good things at the Theatre Upstairs too.

Hampstead, whose director Michael Rudman has been deservedly promoted to take charge of the Lyttelton, gave us a marvellous evening with Michael Hastings' *Glo-Joe*, which moved on to the West End, joining another Hampstead number, Michael Frayn's *Clouds*, by James Saunders, was also a good play from this company.

Prospect soldiers on against the short-sighted meanness of the Arts Council, which will subsidise them only for touring

though they also bravely maintain a fine company at the Old Vic. This year's repertoire has included Eileen Atkins in an excellent *Saint Joan*, Derek Jacobi in a first-class production of Chekhov's *Ivanov*, Anthony Quayle in *The Rivals* and *King Lear*. And besides the Vic, Prospect has to keep a company on the Road. Praise is not enough; they need money.

So to the West End. This has been a booming year for musicals. I have been to 14 (though this includes *Chicago* at Sheffield). Only five are still to be seen, however; impresarios seem to enjoy wasting money on musicals more than any other way. *Annie*, *Evita*, and *Bar Mitzvah Boy* are all above average quality. Of those that have gone, *Kismet* was a worthwhile revival, *The Great American Babylon* musical an enjoyable piece in revue style.

Two special acting performances. Siobhan McKenna as Bernhardt in *Memoir*, Gordon Chater in the extraordinary one-man *The Election of Benjamin Franklin*. Two sad events for Simon Gray. *The Rear Column* and *Molly* had short runs. So

did Ronald Harwood's *A Family*, imported from Manchester with Paul Scofield, and *Dracula* with Terence Stamp and sets by Edward Gorey—though *The Passion of Dracula* elsewhere shows the durability of added camp.

We have had a new Stoppard, *Night and Day*, dealing interestingly with the ethics of journalism. A new Ayckbourn, dealing hilariously with regional patriotism. A new look at Pinter's *The Homecoming*, admirably done; at Conrad's *Look After Lulu*, up from Chichester, hardly worth doing; at Shaw's *The Millionaire*, a vehicle for Penelope Keith, though rather an under-powered one. A deserved win for *Whose Life is it Anyway?* (originating at the Mermaid, which is now headed for 18 months' closure), with a deserved win in it for Tom Conti, acting with only his head as a paralysed artist.

Two comedy-thrillers (once our most treasured matinee-fodder) call for mention. *The Unvanquished Truth* and *Death-trap*; the latter should be around a long time. *Alice's Boys*, despite a starry cast, was

fatally handicapped by a silly plot. Unclassifiable productions included Alec McCowen's remarkable recitation of *St. Mark's Gospel*; evenings with Barry Humphries and Dave Allen; a cheerful adaptation with lots of music of *Under the Greenwood Tree*.

Out of London—and the regional theatres are often up to West End standards, Bristol included—yet another *Changeling* and worthwhile revivals of Tennessee Williams's *Kingdom of Earth*, Vanbrugh's *The Provoked Wife*, *Fort and Kaufman's The Man Who Came to Dinner*. The Bristol Old Vic runs three houses: so does Leicester. Leicester, always courageous, ran a Russian season with new versions of *Ivan*, *Peace*, and *Crime and Punishment*.

Sheffield had a fine season of new work in their studio theatre, including Dennis Potter's controversial *Brimstone and Treacle*. In their big house, the Crucible, they gave the British premiere of *Chicago*. Nottingham was less adventurous than usual, but produced

Tennessee Williams's *Vieux Carré*, which did well enough to come to London. Manchester's circular Royal Exchange housed a grand *Lady from the Sea* with Vanessa Redgrave, which hopefully we shall see at the Round House.

Of the smaller companies, Canterbury's Marlowe came up with a new Sandy Wilson musical, *The Clapham Wonder*, but it did not levitate as well as its heroine. At Colchester we had an Aphra Behn revival, *The Rover*, well worthy of their characteristic initiative. Another theatre prone to producing unexpected goodies is the Everyman in Cheltenham, and they gave Eliot's *The Confidential Clerk* for the Literary Festival. Yet another is the Cambridge Arts—less exciting than last year, but Roger Ryton's place about that ever-recurring Russian Grand Duchess, *I Am Who I Am*, stays in the mind.

The Malvern Festival, though without productions of its own had an enjoyable pair of visiting Shaws: the Chichester Festival had a Shaftesbury Avenue feel about it that suited the audiences.

A television calendar

by CHRIS DUNKLEY

In 1978 television was, of course, responsible for pushing the crime rate and forcing lower literacy levels, not to mention causing a drought in October. Though unnoticed in many quarters it was also responsible for providing much excellent entertainment.

My awards for the year's three best productions go to the BBC 2 drama-documentary series *The Voyage of Charles Darwin*, the three-part biographical play *The Last Voyage of the USS Intrepid* on BBC 1, and *David Hare's play Licking Hitler* on BBC 1.

But a diary for the year proves that there was plenty more than that worth recalling. JANUARY saw the start of *All Creatures Great and Small* on BBC 1, a series about Yorkshire vets adapted from James Herriot's books. It was as wildly successful that by the end of the year programme controllers in ITV were describing it gloomily as the BBC's "ultimate weapon" in the ratings war. *The South Bank Show* from London Weekend Television took over the role of *Aquarius* in dealing with arts subjects on ITV, and BBC 2 started running *West of Ideas* with Bryan Magee, helping contemporary philosophers

to explain their own or their heroes' ideas: one of the most ambitious television talk series ever made. Washington *Behind Closed Doors* arrived from America and proved one of the most engrossing drama serials for years. ITV started two new fiction series: *The Professionals* which looked tediously like all the other screaming tyre dramas, and *Hazell* which went successfully for a much stronger sense of mood and style.

FEBRUARY featured BBC 2's "Chinese Week" with some new reports from people such as Julian Pettifer and rather a lot of older ones from others such as Joris Ivens and Felix Greene. Granada began a series of "drama documentaries" with *Miridge*, the amazing story of a Swiss engineer smuggling truckloads of blueprints for a jet fighter-bomber from Switzerland to Israel. BBC 1 launched a series called *Life At Stake* which offered "dramatic reconstructions" of several notorious events such as the Herrema siege and the Dutch train hijack. These and *Washington Behind Closed Doors* combined to fire one of the year's liveliest broadcasting debates about how "real events" should be conveyed on television. BBC 2

started two highly successful non-fiction series: *The Young Musicians*, *Of The Year*, and *Living In The Past* which followed the fortunes of a contemporary group existing in iron-age conditions.

MARCH brought us *Pennies From Heaven*, a unique concoction from writer Dennis Potter, producer Ken Trodd, and director Piers Haggard in which the story of Arthur, a travelling salesman, was told partly conventionally and partly by reimagining popular songs of the thirties with the cast miming to the original sound recordings. (Incidentally those recordings are now available on a wonderfully evocative two-record set from Decca.)

APRIL was a particularly productive month for new drama serials. The most curious in the Middle East, which was made by the BBC's then resident censor, terrible Tony Garnett and achieved an extraordinary impression of realism in the course of its four stories about an armed robbery. Trouble arose because everyone in the series was bent: the villains, the police, the lawyers, the prison officers, and that outraged a lot of viewers. It was a marvellously professional

dramatic work nevertheless.

Rumpole Of The Bailey from Thames seemed to be in sharp contrast: John Mortimer's account of the life of an ageing barrister was fond, amusing, and dramatically conventional. In retrospect, however, it raises the suspicion that there was as deep a cynicism about the workings of the law underlying the series as there was in the forefront of *Law And Order*. BBC Scotland showed us life on a fictional newspaper in *The Standard*, and London Weekend started what looked like an endless Hovis commercial called *People Like Us*.

MAY was declared "Dance Month" by Humphrey Burton and BBC2 offered a succession of ballets, including a very short one choreographed by Lynn Seymour and called *Leda and the Swan*. In a year's television which contained, as usual, depictions of so many murders that they were uncountable (though murder is a crime, remember) this ballet stood out like a pyramid in a desert because it alone depicted sexual passion (not a crime, remember). The same channel gave us a second set of one of the most enjoyable and informative series ever televised: *Land-*

scapes of England presented by the master of geographical detection, Professor W. G. Hoskins.

JUNE found the nation's screens monopolised by the efforts of Scotland's soccer team in the World Cup: the most tedious non-event of the year. BBC's excellent daily programme of news analysis, *Newsday*, died with hardly a public murmur of regret and John Mortimer's success with *Rumpole* was promptly followed by his jolly series for ATV called *Will Shakespeare*. The nipping competition from *Shakespeare "experts"* had to be seen to be believed, but the series was one of the year's most enjoyable.

JULY was the month when the Government accepted the idea of devoting Britain's fourth TV channel to a "publisher" network collecting and disseminating programmes from a wide variety of sources. Ken Russell made a long delayed return to television with *Clouds Of Glory* for Granada, a two-part extravaganza on the Lakeland poets which flesh more satisfactorily with Coleridge than with the Wordsworths. Richard Franc made an admirable three-part documentary about modern troubles in the Middle East,

called *Palestine*, and the same production company—Thames—came up with an all too short series called *The Kenny Everett Video Show* which was both funny and original. One hopes for more in 1979.

AUGUST was a thin month as usual. Apart from the BBC's coverage of the Commonwealth Games in Edmonton, the only programmes worthy of note were Granada's latest series of *Decisions*, this time on the inner workings of the British Communist Party, and *Six English Towns* on BBC2 featuring Alec Clifton-Taylor rhapsodising reflectively over knapped flints, red brick, and yellow limestone.

SEPTEMBER brought an over-extended era to an end with the last episode of *Z Cars*. It also brought *Holocaust*, a four-part American drama which divided viewers sharply into two camps: those believing it was unforgivable to turn the Nazis' "final solution" into soap opera, and those believing it could deliver a warning to tens of millions of young and ignorant viewers and that it would be unforgivable to miss the chance. British broadcasters added to an unmatched history of suc-

cess at the Prix Italia, the world's top TV festival, by winning all three golds, a unique achievement in the 30 year history of the event. The BBC took documentary and drama honours with *Hospital* and *The Spongers*, and ITV won the music award with *Macmillan's Maytelling*.

OCTOBER ushered in an autumn season which was rich in high class soap opera—*Lillie* from London Weekend TV, *A Horseman Riding By* from BBC1, and *Wuthering Heights* from BBC2—and also rich in competition between BBC1 and ITV on Saturday evenings. Bruce Forsyth having given up BBC's chart-topping *Generation Game* joined London Weekend to compete ITV's *Bin Night* but it was Larry Grayson, inheritor of the *Governess Game*, who walked off with the honours while Forsyth slid out of the ratings.

NOVEMBER found the screen suddenly taken over by popular science series: *David Bellamy*, *Thames's Botanic Man*, began at the beginning and investigated the evolution of life to job to be done again in the new year by David Attenborough. Then Jonathan Miller came along with *The Body In Question* on

BBC 2 and explained how human beings worked having once evolved. In the process he answered what turned out to be a widespread and deep felt need for information about bodily functions and malfunctions. *James Burke's Connections* on BBC 1 went not for the creation of man but for man's creations. The programmes were said to comprise "historical detective stories" about technological development and were beyond parody since they sought to explain such contrived riddles as "the connections between the Caliph of Baghdad's stomach ache and medieval Nuremberg or between steel clocksprings and ginseng-root men."

DECEMBER revealed with *Romeo and Juliet*, *Richard II*, and *As You Like It* that the BBC's complete Shakespeare was to be workmanlike but unadventurous, sultry newcomers to the plays better than established enthusiasts, which is a reasonable enough approach for television to make, no doubt. London Weekend brought us a series of *Six Plays* finely wrought by Alan Bennett and in an unbridled fit of seasonal feelings the BBC unions blacked the nation's screens.

CRICKET BY TREVOR BAILEY

England can retain The Ashes

SINCE the first Test in 1876 between Lillywhite's all-professional eleven and the Australians, England have regularly toured Australia, and Mike Brearley's visit was the 28th quest for the Ashes.

In this period of more than 100 years, we have never achieved the ultimate, the Grand Slam, by winning every Test. Australia did it once in 1920-21, when they were not only successful in all five matches, but won by a large margin on each occasion—though tests without time limits made it a rather easier feat as there were no draws.

Brearley's team, having already established a 2-0 lead, have every reason to feel confident about the outcome of the Third Test starting in Melbourne on Friday. However, it should not be forgotten that the Australian is never more dangerous than when he appears to be well beaten and this is not the first time we have gone two up.

England enjoyed the same start in 1894-95, 1894-95, 1903-04, 1922-23 and 1936-37, and on all these occasions—except 1922-23 when a great term was at a centre—the rubber ended three

to two, twice in England's and twice in Australia's favour.

The difference between these Australian teams who fought their way back into the series was that they all contained a number of outstanding and established Test cricketers, whereas Yallop's men are short of the experience and class expected at international level.

Yallop, Robey, Hogg and Hughes are promising and one would expect to find them challenging for a place in an Australian eleven, but not of the back-bone. It was a pity that veteran Bobbie Simpson, an astute captain, did not carry on against England, as he succeeded both at home and in the Caribbean last season of making the most of the limited material at his disposal.

It would be wrong to blame the decline of Australian first-class cricket entirely on Kerry Packer's world circus, although this clearly has had a damaging effect.

One of the main causes is that the Ian Chappell era has ended. Jan's eleven, which contained batsmen like his brother Greg, Edwards, Redpath, and apart from Ian and Fred Walters, a pace attack built around Lillee, Thomson and Walker, the spin

of Mallett and Marsh behind the stumps, was the strongest and most aggressive in the world.

They forced a shell-shocked England into submission and trounced a more capable West Indian side, but they had begun to break up before Packer appeared.

As a result, the last Australian team in England under Greg Chappell was surely the weakest since the first world war. Their batting, apart from Chappell and the potential of Hookes, was mundane, their spinners undistinguished, and their seamers no better than their opponents, who won the series by three Tests to nil without much difficulty.

Since that heavy defeat, most of the slide have defected to World Series Cricket, including several who were so ordinary that they will not be missed. What Australia could not afford to lose was the experience, as well as the skill if players such as G. Chappell, Lillee, Thomson and Marsh, on top of the retirement of a number of others who had reached the end of their Test career.

It might be said with justification that between 1945 and 1975 Australia, per head of the popu-

lation, was the finest sporting nation in the world.

Leaving cricket aside, this was reflected in the standard of their tennis, golf, four different codes of football, athletics, cycling, speedway, hockey and swimming.

The reason? They had three magnificent coaches, climate, space and a considerable amount of leisure, plus the natural Australian competitiveness. Recently, however, there has been a noticeable decline in their prominence in international sport.

Can the reason for the present situation be that the sweet life with the many attractions has had an adverse effect on their young athletes?

With the lack of class batsmen in both sides making draws rather less likely, England could, theoretically, win all six Tests, but it would be hard to believe that a side with so many obvious weaknesses could do what proved beyond the powers of those outstanding touring parties of 1911-12, 1928-29, and 1931-32 who all finished 4-1 ahead. However, I am convinced that Brearley should have few problems returning with the Ashes.

RUGBY UNION BY PETER ROBBINS

Vital decisions for counties

THE RUGBY UNION has two urgent meetings scheduled in January. On the fifth a full committee meeting will discuss the state of the game in England, and at the end of the month a second meeting will receive the recommendations of the county championship committee on that particular competition.

The first meeting is clearly the more vital of the two, because the format of the county championship is germane to the future success of the game in England. It would be interesting to discover how many present and past internationals have been canvassed on their views.

I have twice written about the importance of good administration, but it has to be said that some members of the RFU are so factionalised and entrenched in their views that, unless some plain talking and straight thinking achieve sensible compromises, the downward spiral of English rugby will continue.

Broadly the two factions are the Northern and South West counties, and the major clubs, who are now represented on the RFU committee. Two years ago the RFU persuaded the northern group to restrict Saturday matches to three, so that clubs

faced fewer demands on their players. After agreeing the group then rescinded its decision and still persists in using five Saturdays. In the Midlands, London, and East, county matches are played mid-week.

But should county rugby occupy a pre-eminent role in England? The North says it has special problems, such as travel, the lack of lights, the threat of Rugby League (that threat has existed for years), and then it is the wish of the clubs to play on Saturday. That may be the view of the county hierarchy, but is it in fact representative of the clubs who make up the county, and more crucially, does that view serve the best interests of the game in England? Surely the paramount consideration of any member of the RFU must be the improvement of rugby in England.

The club's view is that the county representatives are not really in touch with the modern game and the problems associated with running a club. Times have changed, and if international success is to be won then attitudes must also change.

The major clubs view the return to five Saturdays with

disquiet for it means loss of players, loss of revenue, diminution of team spirit and in some cases loss of membership. The detractors say and quite logically that they are unwilling to pay subscriptions to watch a handful of home games when all the first team is present.

At the RFU annual meeting a move by the major clubs to limit Saturday representative rugby to 12 days was rejected, but received a degree of sympathy.

Given that tradition demands the retention of the county championship what form should it take and when should it take place? I believe that three Saturdays only would be acceptable to the clubs, with those playing mid-week at present continuing to do so. If, as at present, the championship is a vehicle for England selection then it should stay, but that vehicle is surely in question.

Should it in fact stay as this stepping stone? Leicester's players have largely opted out of playing for their county, but this has not precluded selection for their country. The county championship has become so enfeebled

that England rugby would be better served by either restricting it to non-established players, perhaps by age limit, and excluding those in the England squad.

Alternatively, the introduction of a two-tier system could be considered, so that minor counties would have to qualify to meet the major counties. In this way an elite would be formed, and it seems to me that in England we need to aim at a class rugby society. This does not mean the suppression of the smaller clubs, because they will always exist, but certainly the present system serves England ill.

The very diffuseness of the clubs in England dilutes the talent and although there are nominally 45 major clubs in competition in reality perhaps a dozen at the most really qualify for this appellation.

The problem is that if the role of the counties is to be reduced, one is virtually asking their representatives to cut their own rugby throats. This is a sacrifice many are simply not prepared to make, even though it would be noble, in the best interests of rugby, and in line with the sound thinking of the Maltby Committee.

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New troubles in Turkey

SEVEN YEARS ago Mr. Bulent Ecevit was one of the main critics of the use of martial law to crush left-wing disorder. Now after a year as Prime Minister he has finally been obliged to turn to the army himself. It is a move which he has consistently opposed. But his alternative measures have patently failed with the most worrying aspect for the Government of the weekend's appalling death toll being that it begins to put into question the whole amalgam of racial and religious groups on which the integrity of modern Turkey depends.

The 100 or so people killed come from the racially mixed areas of South Eastern Turkey. It is the worst single incident since the Kurdish rebellions in those areas in the 1920s, yet the death toll in political violence this year is now well over 700 — three times the already serious figure for 1977.

Social change

Unlike the relatively small-scale trouble initiated by leftist militants in the years up to and including the martial law period of 1971-73, the recent violence is no longer confined to the cities. There the killings continue, with all observers blaming the neo-fascist right for initiating the bulk of the violence; targets range from university staff to students and from judges to members of the Turkish Workers Party, a non-violence Marxist party committed to working within the present parliamentary system. But more recently the violence has spread to the towns of Anatolia, with the extreme right capitalising on the traditionalists' fears of the social change that is sweeping the country as it is torn by the problems of changing from a rural to an urban, market economy.

The Nationalist Action Party of the retired colonel, Alparslan Turkes, has pushed an avowedly racist programme, appealing to the national heritage of the Turks and exploiting the (conservative) Sunni Muslims' long-standing differences with the Alevis, as the Shi'ites are known in Turkey. With the Maoists too appealing to the sensibilities of the country's 57m Kurds and an economic backdrop of 20 per cent unemployment and 80 per cent inflation, Mr. Turkes has found the soil fertile. Just as important, his two years as Deputy Prime Minister in Mr.

Suleyman Demirel's coalitions have enabled him to build up a foothold in the state machinery which Mr. Ecevit has been unable to remove.

Mr. Turkes's supporters are still active in the country's rudimentary and politicised police force, to the extent that Mr. Ecevit has long been obliged to bring the rural gendarmerie in to the cities: the result was known as "civil martial law." The intelligence services only began to come under government control in August. As for the armed forces, the generals appear to back Mr. Ecevit, who in his turn has been in constant contact with them. But the loyalty of middle ranks is more questionable. Some of them may be sympathetic to Mr. Turkes, which is one of the factors which has long led him to advocate the introduction of martial law.

Now Mr. Ecevit, a man who has always claimed that it is possible to keep the Turkish military out of politics, has in a sense had to admit failure. In theory he is dictating policy to the army and in theory he should be able to do what he has to do to ensure that the martial law commanders chase those really responsible for the violence instead of concentrating on a witch hunt of the left of the sort which led to so much bitterness after Turkey's last experience with martial law.

The West

If that should happen then, to quote the Turkish saying, Mr. Turkes may find that having sown the breeze, he will reap the whirlwind. Already last month the instance, the courts closed down his extremely militant youth organisation. But practice could prove different.

For the West it is a crucial period. Turkey's strategic position has long made it important for NATO planners. Now with the present problems in Iran stability in Turkey is all the more desirable. But so far the West—whether through its collective organisations, such as the IMF, or as individual countries—has done little to meet the anguished appeals for economic and financial support from a Government which has inherited a desperately indebted economy. As for Mr. Ecevit, his main problem is now to ensure that the practice of martial law should fit in with theory. And he would be the first to admit how hard this could be.

Mortgages turn full circle

THE OUTLOOK for those who may be thinking of buying a new home in the new year cannot be said to be encouraging. The net flow of new savings received by building societies has again declined this month and, although the part of the general decline in short-term interest during the course of 1979. But next month, normally a good one for building societies, sees the introduction of higher national savings interest rates; and, though building societies are hoping to maintain broadly the present rate of lending by drawing further on their liquidity ratios, these have already fallen from an average of 21.7 per cent in February to 17.7 per cent at the end of last month.

Unless receipts show an early improvement, therefore, there is a distinct possibility that building societies may soon have to cut back on their lending quotas. There certainly seems little chance in the present situation of the rate of advances reaching the higher limits which Mr. Peter Shore, the Environment Secretary, recently announced for the opening three months of 1979.

Mistaken
It is arguable that building society rates were held at too low a level earlier this year and that higher rates were resisted until they became unavoidable. The most important reason for that of course was the usual political sensitivity over mortgage rates—which directly affect not only many voters but also the price indices. A higher level of rates would have been at least as effective as the government-enforced lending quotas in curbing demand and thus restraining the rise in house prices.

Even more to the point, a higher level of rates would have attracted a higher flow of savings and thus enabled the building societies to maintain their lending programmes for rather longer and so offered a more encouraging prospect for house-builders. As it is, housing starts in the private sector, which revived only marginally, are now falling back to the point where the forecast level of completions next year may well be as poor as in the slump year of 1977.

Adjustment

The present level of mortgage rates still represents a good bargain for home-owners at today's rates of inflation, especially when account is taken of tax relief on interest payments. Reducing the real cost of ownership by lowering mortgage rates simply increases demand and drives up house prices since the effect of lower rates is to increase the capital sum which can be commanded by the incomes which would-be buyers are willing to devote to purchase.

The rapid rise in prices this year has been mainly a matter of restoring the normal relation between house prices and incomes, but the speed of adjustment might have been more seemly had the building societies been free to set competitive rates. Prices have now reached a level which offers housing developers an incentive but the rate of building has been depressed by the prospective scarcity of funds. If this whole cycle is not to be repeated, building societies should be allowed to charge whatever rate is needed to finance the demand for home loans.

THE BASQUES are a hardy, reserved race who take life seriously. Spaniards, so the Basques say, only take themselves seriously. Not only do Basques generally look different from other Spaniards—they are slightly taller, many have blue eyes and the men wear their distinctive berets—but also, as every Basque will tell you, they are different. The origin of their unique language remains shrouded in philological mystery and their whole cultural and political heritage lies outside the Spanish mainstream.

For Basques, Spain begins where their narrow green valleys and conifer-covered mountains give way to the bleak emptiness of the Castilian plateau. Spain is part of the outside world. Basque nationalism, and the separatism it has engendered, was a constant cloud in Gen. Franco's vision of a unified, centrally governed Spain. Yet even now that regional autonomy has been accepted as part of the structure of democratic Spain, and concessions have been made to a Basque identity, the problem of Basque separatism is no nearer solution. Indeed, finding an honourable solution has become arguably the greatest single test facing democratic Spain.

The Government is haunted by the fear that giving too much power to the regions risks dangerously weakening central authority. Equally it knows that the political stability of Spain depends upon coming to terms with the demands of those influential regions like Catalonia and the Basque country which have historic grievances against Madrid. The experience of Catalonia has shown that it is possible to reach a compromise between the competing claims of greater regional power and effective central government. While the Catalans accepted that there was a basic national norm for devolution, the Basques want to be given a special status that almost amounts to federation with the rest of Spain. The Government is also being pressed to make such an exception by the separatist group.

The Government calculated that by offering concessions to the Basques—an amnesty for political prisoners; permitting the Basque flag to be flown; establishing a general Basque council; and promising a comprehensive autonomy statute—the steam would be removed from Basque separatism in the overall atmosphere of newly arrived Spanish democracy. The aim was to isolate the militant Basque separatist group ETA (Euzkadi Ta Askatasuna—Freedom for the Basque Country). The heavy abstentions and high proportion of negative votes cast by the Basques in the constitutional referendum of December 6 were a serious setback for this policy. The main Basque political party, the moderate Christian Democrat PNV (Partido Nacionalista Vasco) canvassed abstention while ETA and its political allies

asked for a negative vote. The motive was the same: the constitution failed to take as much account as they wanted of historic Basque rights. In the two key provinces of Guipuzcoa and Vizcaya the abstention rate was 80 per cent and the "Noes" accounted for 25 per cent of total votes cast. Moderates and extremists had made common cause.

"We are on the verge of Ulsterisation," a leading Basque journalist, Sr. Paxto Unzueta, commented. Ulsterisation is a commonly used phrase now. This is so not because of any direct parallel between Ulster and the Basque country (which there is not), but rather because the problem of Basque separatism risks falling into the same cycle of violence and deadlocked negotiations from which it becomes increasingly hard to break free.

The violence perpetrated by ETA has increased almost in proportion to the promises of greater autonomy for the region. Since the summer ETA has escalated its war against the symbols of "alien Spanish military occupation"—police, informers and soldiers. On average ETA has assassinated more than one person each week, accounting for two-thirds of all political killings in Spain this year. The most recent victim was a San Sebastian shopkeeper machine-gunned to death last Saturday.

ETA has also stepped up its collection of what it calls "revolutionary taxes," meaning funds extorted from businessmen and industrialists. For those who do not pay there was the example of an Iron builder, Sr. Jose Legasa, murdered on November 2. He had had the temerity to denounce to the French authorities the practice of ETA demanding money and payment across the border in France. A number of prominent businessmen have decided it best to leave the area, while others have reportedly hired underworld figures to protect them.

In turn the authorities have raised the stakes in the war against ETA. There is in all but name a state of alert in Guipuzcoa and Vizcaya. It is less evident in the streets of the major towns where life is as normal as in other Spanish cities, but in the concentration of para-military forces and their ability to intervene when and where required. Sr. Miguel Castells, a radical lawyer who acts for many ETA suspects, claims that a group of lawyers have calculated that during the referendum period the security forces each day detained some 200 persons on average for over five hours. The police have caught nearly 90 ETA suspects in the past three weeks, two of them on Christmas Day. "The people we are capturing represent only the tip of an iceberg," the Civil Governor of Guipuzcoa, Sr. Antonio Oyarzabal, says.

Containing ETA is a losing battle as long as the security forces themselves represent, as

By ROBERT GRAHAM, Madrid Correspondent

The deadly gunplay for Basque autonomy



Armed police attacking barricades in San Sebastian during the disturbances in July.

they do for many Basques—especially those aged between 18 and 35—the hated symbols of central control. "Many of us now disapprove of ETA's violence, but the security forces are not ours and we cannot honestly identify with them," a Basque politician remarked. When policemen are shot it provokes an outcry among their own men against the Government's inability to prevent terrorism. Basques seem indifferent because the dead man is a Spaniard.

The security forces do not help themselves by their methods. The Government has made no serious attempt to stamp out the use of torture. Sr. Castells insists that crude physical torture is still widely practised by beating detainees on the soles of their feet, or squeezing their testicles. Detainees may be held for 72 hours without warrant and then, on application to the public prosecutor, may be held incommunicado for a further eight days.

The demands of the extremists, as represented by ETA and its supporters, are for an independent Marxist state, Euzkani, eventually to be united with that part of historic Basque territory which lies in France. As a preliminary they want an end to the "military occupation" of the Basque country and the establishment of a local police force. This would be accompanied by the restoration of historic rights such as that to raise their own taxes and

decide their own political structure in a cantonal type system.

The last known attempt to arrange negotiations between the Government and ETA collapsed in March, 1977. The Government wanted them conducted in secrecy, ETA insisted on them being public. The fact that the Government sought informal contact with ETA was extremely unpopular with the predominantly right-wing security forces, and this still acts as an important check on any Government attempt to deal with ETA.

The other difficulty in dealing with ETA is that it now groups at least three operational branches, none of which are necessarily in agreement with each other. ETA-Militar represents the tough core of hard-line "hit men" who support unconditional independence. ETA Politico-Militar, active in the less murderous aspects of separatism, supports independence but is more nuanced and less committed to violence as a weapon. Finally cells known as autonomous commando units have become increasingly prominent as murder squads. Given this varied structure there is no guarantee that any ceasefire negotiated with one group will be observed by the others.

ETA has the active sympathy of perhaps 10-12 per cent of the population in the Basque country. Therefore the strategy of trying to contain and isolate ETA has been wholly understandable—all the more so given the hostility of the mil-

itary in dealing with ETA. Why then has the Government been unable to swing the bulk of the Basques behind its regional policy? In part this must be blamed on the mistrust that has built up between Basques and the central Government. The Basques in turn have behaved as though autonomy should be granted as of right, and have rubbed Madrid up the wrong way.

The Government has not helped matters by playing a policy of divide-and-rule with the four Basque provinces. The two coastal provinces, Vizcaya and Guipuzcoa, are the heart land of Spain's steel and engineering industries, enjoying the highest per capita income in the country. Under Franco they were dubbed the "traitor provinces" and suffered the worst repression. It is here that the separatist movement draws its principal support.

By contrast, the inland provinces of Alava and Navarre—more rural, conservative and deeply Catholic—were allowed to retain many historic privileges including important fiscal and judicial powers. Navarre could only join an autonomous Basque unit if it is set up, by a separate referendum of its own. Without Navarre the Basque separatist cause is seriously weakened, because it is the size of the other three provinces put together and is their hinterland.

In retrospect it may be said that there have been important errors of judgment. Catalonia was thought to be the most

problematic region and every attention was devoted to elaborating the first autonomy statute there. As a result Catalonia is already experiencing a degree of self-government which the Basques have not yet even been able to agree on, let alone implement. This delay has led to false hopes and now to frustration. No effort has been made to win hearts and minds. The Basque country is the one region which neither the Prime Minister nor the King has visited. The King's failure to do so is keenly felt; by tradition it is the Spanish monarchs who come to the small towns of Guernica and accept the allegiance of the Basques. It was this type of relationship—of accepting sovereignty direct from the Crown, not the Madrid parliament—that the PNV unsuccessfully sought to have written into the constitution.

If the government is to regain the initiative, it needs to adopt a sympathetic attitude towards a draft statute for Basque autonomy now being discussed by the parliamentary parties. The statute is wider ranging than that granted to Catalonia and reserves 37 functions for a Basque Government. They include control of the public sector, economic planning, social services, taxation (a lump sum would be agreed for payment to the central Government), and local police except for frontier and customs work.

But in the short term the main influence on events will come from municipal elections. Many observers feel that the long delay in holding municipal elections has been the fundamental cause behind the frustrations in the Basque country. Historically the Basques have been governed through local councils, and municipal elections will reveal a different political picture from that of the general elections in June 1977 when the Socialists emerged as the single largest party.

Municipal elections are expected to result in some 90 per cent of the electorate voting for the moderate but nationalist PNV, but also, to see for the first time the election of representatives of sympathisers of ETA. The reinforced position of the PNV, plus the representation of the hardline separatists should make it easier for the Government to deal with those who want a political solution.

"We cannot admit that there is no political solution to this problem," the Civil Governor of Guipuzcoa says. But three elements give little cause for optimism: the Government's fear of upsetting the Right and alienating the security forces by its conduct in the Basque country; the inability of the Government and the Basques to establish a modicum of mutual trust; and the unwillingness of the Basques to forgo violence unless the Government gives into demands that would drive a coach and horses through its regional policy.

MEN AND MATTERS

Minarets on the Eastern line

Those of my readers who, despite the alarms and excursions of 1974, still think a three-day week is respectable and have this morning put themselves at the tender mercies of British Rail might be reassured by what I have just learnt of the risks their fellow commuters run in Malaysia. There the local parliament has just been told in tones of pride that the number of derailments is down—in a mere 100 per year.

The cynical might venture that Britain beats that record—by derailing trains before they ever leave the marshalling yard. But shunting past such ill-tempered and unseasonal remarks may I quote our Kuala Lumpur correspondent: "Each railway station has its own charm with its neat little gardens, and the minarets of Kuala Lumpur station are an exotic sight against the sunset."

That might draw comparisons with the dreaming spires of St. Pancras but I know of nothing local to parallel the way that in

1894 a giant bull elephant rammed an on-coming train at Teluk Anson to protect its females. Of such is the stuff of poetry though it is sad to have to add that the elephant seemed to come off the worse. Its enormous skull and seven-foot tusks are now a prime attraction in Malaysia's national museum.

As for the derailments I obviously have to report the reason for these, though would not like to be thought of seeking to incite my readers to similar action next time the 8.37 is "rescheduled" for 9.52. Apparently they are mainly the result of acts of sabotage—by railwaymen angry at the closing down of secondary routes. Just as well Lord Beeching has already wielded his axe so that the National Union of Railwaymen does not now feel tempted to wield its own.

Double dearth

When the Tanzanian Minister of Agriculture, John Malecela, arrives next month at the Food and Agriculture Organisation headquarters in Rome he will face a problem in raising the funds that his country and six others in East Africa desperately need to fight what is officially described as a "plague." The seven belong to DCLOEA, the East African locust control organisation. They have just met in Nairobi to discuss the very real risks that locust swarms could arrive in southern Somalia next week.

A situation report presented to representatives from the member countries—Djibouti, Ethiopia, Kenya, Somalia, Sudan, Tanzania and Uganda—says that the main menace now comes from the war-torn Ogaden desert in Southern Ethiopia. Swarms of locusts have been laying eggs there but no control measures have been possible because of continuing Somalia guerrilla activity, I am told.

The Ethiopians do not allow planes to fly below 12,000 ft. This is of course far too high

to allow spraying though I understand resourceful locust controllers have found their way round the letter of the law. This may not allow planes to fly but it does allow them to take off and land, so this is what they do, underhopping from field to field.

But while this plague hovers on the horizon the two-day meeting in Nairobi had to spend much of its time arguing less about what to do than how to do it. For DCLOEA is virtually broke. Its acting director general, Muligeita Bezzabeh, warns that it "might find itself without funds by July if member governments do not pay up their overdue contributions. All reserves have been exhausted."

The meeting ended without apparent certainty that such problems would be resolved, let alone a new \$0.5m emergency budget be funded. An FAO representative in Nairobi pointed out that "it would help the FAO in seeking donor support if it were known that the countries contributions had been paid in full." Which presumably is what the Tanzanian Minister will be told, rather less diplomatically, when he broaches the question of the plague in Rome.

Bottom 100

And now the good news. The City, I am glad to report, is not alone. It may have had to overcome the world-record "Stem bankruptcy," the Crown Agents' losses, a suicide or two the odd scandal and the occasional extraordinary request. But in usually self-righteous Switzerland things seem far worse, or so the results of a study would indicate. Carried out by Judge Niklaus Schmid, this concentrated on 100 people convicted for involvement in "important business scandals" in the period 1960-74.

It found that one-third of delinquents were officials of banks or other financial institu-

tions, that 49 were insolvent before they started on their criminal course and 53 had previous criminal convictions. If that must make one ask if gnomes can have feet of clay, so does the report by the judge that Zurich has a "financial underworld" of 50-70 people who live exclusively from crooked dealings.

Apparently 38 of the 100 belonged to this underworld. The judge also found that two-thirds acted to enrich themselves and one-third to prevent the collapse of their business. But the results would seem to indicate that even these days divine retribution is not to be neglected. Of the 100, 78 were ruined by their activities—but so were six Zurich banks. In all 47 of this infamous band caused the failure of the institutions which they had managed.

The judge's report, given at a seminar on business crime at the University of Saint Gallen, makes gloomy reading. That Britain must surely be pressed to dig up 100 such convictions for analysis is more reassuring—and surely a reflection on its honesty rather than on its legal system and overstrained Fraud Squad, or at least so I would like to assume.

Fair cop

This autumn I was told the tale of how the Commissioner of Metropolitan Police, David McNea, seeing a uniformed constable drinking in a pub, told him: "You and I now share one thing in common—neither of us will ever receive promotion." Scotland Yard assures me this bon mot is apocryphal but just as some of my less charitable readers might New Year wish promotion on McNea so they might have similar one-word dreams for other figures from 1978.

I shall be watching my mail bag.

Observer

'Gilding' pale streams with heavenly alchemy

ALCOHOL'S fascination for me can be traced to my early teens, not so long after I first began to take an interest in chemistry. While my alchemical school-friends plumped for elementary explosives, I was more excited by a still older art. I was still a teenager when I asked a friend training with Boots the chemist whether he could supply the ingredients I needed for my newly found formula for making absinthe.

"The head pharmacist wants to know why you want these herbs," was the unimpressed reply. Coyle I declined to say. "The head pharmacist says he knows why you want them." None the less I left the shop with the seven or eight small packages of essential ingredients, one being wormwood, for the forbidden spirit.

In the U.S., where absinthe has been proscribed since 1912, you can buy a do-it-yourself kit comprising a bottle of vodka, the label of which tells you to soak leaves or flowering tops of wormwood for two days.

If Lord Rothschild's idea of an "Lard of risk" — so vehemently held by those who abhor nuclear power — should materialise, it could do so much more than simply establish how low is the nuclear risk. The risk of brain damage from wormwood is, I would hazard, rather less than the risk from grinding together ingredients of low explosives. I know of one family who ate Christmas dinner around a hole in their dining table blasted by a teenage son's experiment.

Absinthe, I was disappointed to find, doesn't appear in a book called *Alcoholic Beverages* by A. H. Rose which I consulted recently. Nor does brandy, an omission which the editor accepts is serious enough to warrant an apology in his preface. But I have books devoted to brandy, and recently

came across a long article about absinthe entitled "At last, a drink that grows hair on your brain," which argues inconspicuously that the risks of this drink may have been greatly exaggerated. So I settled down to imbibe the 700 pages in which Professor Anthony Rose of the School of Biological Sciences at Bath University attempts to encompass almost every other commercial product of what he calls "man's smallest servants" — the microbes.

The ability of microbes to break down comparatively complex chemicals such as starches and sugar into ethanol — the potable alcohol — was known for several thousands of years B.C. The earliest wines were probably fermented in the valley of the Tigris in Iraq; the earliest beers — *boozah* — were probably made in Egypt.

Much later man discovered distillation — to this day one of the most elegant ways of separating mixtures of liquids — as a way of concentrating the ethanol in these fermented liquors. Microbes, like their human hosts, vary in their tolerance of alcohol, but even the hardest seem to succumb at a concentration of about 16 per cent. Alchemists had learned how to concentrate their therapeutic herbs by distillation, and applied the same art in their yeasty brews. The Chinese, 1,000 years B.C., knew how to concentrate alcohol by distillation and moreover recognised the risks of over-indulgence in the concentrate.

Only in quite recent times, however, has the distiller learned how much more aesthetic satisfaction he could give by culling just those fractions which have the most desirable organoleptic qualities — those associated with taste, flavour and bouquet — and rejecting fractions carrying the less

appealing tastes and smells.

Ethanol itself is responsible in only a small way for the organoleptic qualities of a beverage. More surprising, however, is the recent realisation, notably in laboratories in Helsinki and California, that of the myriad "congeners" — self-flavouring chemicals such as higher alcohols, aldehydes, acids, esters, and sulphur compounds — detectable in different drinks by modern methods, a handful of key compounds recur in most drinks. They may be introduced by the raw material, by the fermentation or distillation technique used, or by the cask and conditions under which the drink is aged.

In rum, for example, about 200 compounds have been identified. Yet there are no marked differences in kind or quality which distinguish the chemistry of a Jamaican rum clearly from far less pungent spirits.

The discerning drinker may find difficulty in relating some of the recurring compounds to the flavour and aroma he is expecting. The most important group, with its amount and effect, are the higher alcohols, collectively called fusel alcohols or fusel oils. They include 2-phenethyl alcohol, a compound with a strong rose-like odour. A ubiquitous aldehyde called diacetyl has a flavour variously described as resembling butter, butterscotch or coffee. "Traces — millimoles of a gram — of sulphur compounds of pungent and normally odorous odour. Inclusion of sulphur compounds in the list of congeners is another promising constituent, especially of beer. In the case of table wines, sulphur dioxide is normally deliberately added to inhibit reactions which might spoil the bouquet and the colour."

Whisky also contains around 200 organoleptically important chemicals. But when one considers the commercial import-

ance of a beverage of which well over 300m gallons are distilled every year, surprisingly little study seems to have been given to the source of its flavour — especially to the flavour of Scotch.

Intrepid Finnish scientists at the State Alcohol Monopoly in Helsinki have synthesized a "high-flavoured Scotch whisky." They took highly purified grain spirit and diluted it to 34 per cent alcohol, then added 13 other alcohols, 21 organic acids, 24 esters and nine carbonyl compounds, together with caramel to fake the colour whisky normally acquires from the cask. An experienced panel of tasters had no difficulty in differentiating between the neat concoction and a blended Scotch. But the panel had great difficulty in choosing between the real thing and a mixture of equal parts of Scotch and the concoction.

Whisky — "the product of distillation of unhopped beer" — is closely related to beer, which has drawn more study of its flavour, aroma, and other qualities than any other alcoholic drink. Mr. Anna M. Macleod, an authority on beer, at the Heriot-Watt University in Edinburgh, observes that combinations of some chemicals can have an additive effect on each other. And some can have what she calls "a general dampening effect on the palate."

Dr. Macleod isolates several properties of beer important to the customer, such as clarity, nowadays carefully controlled by clever chemistry in the freshly brewed product. Foam is another, because not merely the "firm, white, persistent, well-textured" head on a glass of beer, but also the lacing as the level sinks down the glass, is aesthetically important to the beer drinker. Also, by cunning chemistry the modern brewer can stabilise the foam. But he

may be defeated by a greasy glass or a residue of some of the detergents used in glass-washing.

I sought vainly for any enlightenment from Dr. Macleod on the subject of "body," a property every beer drinker understands, but which few could describe articulately. A research team a few years ago was commissioned to find a way for a British brewer of measuring "body" continuously, but it did not succeed. There is a deliciously bitter edge, however, to Anna Macleod's final comment on "off-flavours," sometimes the result of remarkably small traces — one part in a billion — of compounds that can find their way into the brew. Let it not be thought, she warns drily, that they are a common feature of commercial beer. "To savour the full range of possible beer defects, personal experience suggests that one should act as a judge in a home-brewing contest."

Meat, on the other hand, is a connoisseur's item, by no means native to Britain. It is made by fermenting honey diluted with water or fruit juice, to yield a drink the alcohol content of which is high by beer standards — in fact, that of a potent wine. The flavour is greatly influenced by the flowers from which the bees have drawn their nectar, particularly strong aromas deriving from the flowers of buckwheat, heather and lime trees. In the USSR bees are deliberately fed on fruit and syrups to insulate a desired flavour.

Rather more subtle flavours and aromas are associated with gin and vodka. These spirits derive not part of their flavour from the scores of congeners of self-flavouring by-products of the method of manufacture and storage so important to the flavour of whisky, brandy or rum. The flavour of gin and

vodka is introduced by the choice of botanicals (herbs).

The essential oil of juniper berries provides much of the flavour of gin. Less widely appreciated, however, is how many other herbs commonly found in the kitchen may contribute to the finer nuances of gin's flavour and aroma. A research scientist with International Distillers and Vintners provides a list of 18, including orange peel, cinnamon bark, angelica root and cassia — all important to London dry gin.

Their flavour is imparted by redistilling pure grain spirit, over the precise and closely cherished mixture of herbs characteristic of a particular proprietary brand of gin. Caraway, well known as the flavour of the German liqueur kummel, also features importantly in the flavour of Dutch gin.

In the case of vodka, however, the distiller normally will go to extraordinary lengths to purge his spirit of any flavour other than that of ethanol itself. He will use water purified by ion-exchange and will treat his spirit with activated charcoal to absorb any residual aroma. Yet one of the greatest occasional drinking delights is the flavoured vodkas such as Limonovaya, flavoured and coloured with lemon; Zubrovka, flavoured with bison grass; and Perisovka, flavoured astonishingly enough with hot chillies.

But what of wormwood, the herb to which rheinheims attribute the phrodisiac and other idiosyncratic properties of absinthe? A Flemishman here called absinthe "opium, bitter, tongue-numbing, brain-warming, stomach-warming, idea-chasing, liquid alchemy." Yet wormwood features on but one of the 749 pages of Professor Rose's tome — in a passing reference to one of the more important flavour components



"The game's a good 'un." The Royal Irish Constabulary Code 1888, amended 1911, lays down: The person in command to satisfy himself as to the genuineness of the wash, pot ale, etc., seized and destroyed... by testing the liquid. (From *In Praise of Poteen*, by John McGuffin.)

of vermouth. (The German for wormwood is *Wermut*.)

Wormwood comes from a common species of sagebrush called *A Artemisia absinthium*. Oils from its leaves and flowering tops were recognised by Hippocrates as having pharmacological effects. A French chemist called Pierre Ordinaire — an ironical name in the circumstances — is credited with inventing the Perrier-like drink called absinthe, all the rage in 18th century France, until the French Government banned it in 1915 because of its concern about alcoholism.

A chemical called thujone is the active principle found in wormwood. A bitter, resinous substance, related to camphor, it can bring on mild convulsions. But nutmeg can, too. This was discovered after World War II by youths about to be drafted for military service, who took half a teaspoonful before their medical and threw a fit in the doctor's waiting room. Moreover, thujone is also present in sage, which no-one to my knowledge has ever suggested should be banished from the table.

**Alcoholic Beverages* by A. H. Rose: Academic Press £25.

Bringing down Lloyd's

From the chairman, Sir John Lloyd

Sir, — We write to object to Lloyd's proposal to demolish the Lloyd's Old Building.

Begin in 1925 this is a major work by one of the leading classicists of this century, Sir Edwin Cooper (1873-1942) who was Royal Gold Medalist in 1931. Cooper's elevations are elegant and finely detailed but above all the building is outstanding for its interiors. In particular the majestic trading floor built on a Greek Crucy plan (set in square) and ornamented with portrait medallions of British sea heroes from Drake and Raleigh to Beatty and Jellicoe, and the handsome tunnel vaulted entrance corridor culminating in a highly original oval tribune.

Was the whole membership of Lloyd's, including those who work outside the Lloyd's buildings, given prior notice of the vote on redevelopment and a full consultation brief?

What was the vote for and against redevelopment and how many of those eligible to vote actually voted?

Could not the extra space required on the trading floor (estimated at 7,000 sq ft) be provided by a change to less space consuming forms of information storage — such as Electro Data Processing?

Equally could not those syndicates which have lost position since 1974 be reorganised? Have Lloyd's subscriptions been increased by 50 per cent to pay for the development? At present the trading floor in the old building is very underused. Could it not become an alternative market for those companies — not operating generally in the Lloyd's system — needing a use for the Old Building and preventing the New Building becoming redundant competition might even be desirable in itself. Marcus Blinney, Sir John Lloyd's Heritage, Park Square West, NW1.

Pensions fund statistics

From Mr. H. Wolanski

Sir, — Mr. D. C. Cooper complains (December 18) that the only pension fund performance statistics which are presently available are those which combine the impact of investment income and changes in capital value. He then goes on to emphasise the value of investment income to a tax-free pension fund.

It is just not the case that separate income and capital returns are never available. Some investment performance measurement systems do show the income and capital constituents of the total return separately, others do not. The main point, however, is the significance of income returns, as opposed to total returns, which combine income with capital changes.

There are many different types of investment return which may be calculated, each of which has its own proper use. When it comes to assessing the comparative performance of a pension fund, or any other portfolio, it is difficult to understand an argument which suggests that a major constituent of the total return should be ignored.

This can be seen clearly by considering an example where the assets of a pension fund are divided into two sections. One section is invested solely in high yielding gilts and the other invested in units of a managed pension fund, where investment income and reclaimed income tax are automatically ploughed back into the fund to enhance the unit price. If the trustees wish to compare the performance of those two sections of the assets it will, hopefully, be obvious that unless the income plus capital return of the gilt portfolio is compared with the change in unit price of the managed pension fund, the comparison will be nonsense.

Mr. Cutler's wholly-justified enthusiasm for investment income, as far as pension funds are concerned, does not change the fact that changes in capital value are a feature of investment life. Their significance to a growing pension fund can be debated, but it helps no-one to suggest that they should be ignored when comparing the investment performance of different pension funds.

H. Wolanski, Harris Graham and Partners, 30, Queen Anne's Gate, Westminster, SW1.

The burden of VAT

From Mr. J. Ross

Sir, — It would be quite easy to reduce the burden of VAT as referred to in the article by Mr. Colin Jones (December 18) but it is really too much when you suggest that this is the one significant suggestion from a review, taking over a year as reported by Customs and Excise.

The accountancy profession made the discovery, which C and E seem now to have made belatedly, four years ago, or even earlier before VAT was actually introduced. We knew the waste of time and energy that would be occasioned by making 14m businesses keep special records instead of the previous 70,000 who were registered for purchase tax and by using the necessary plus and minus system instead of allowing transactions between registered persons to be VAT-free.

If you want a certain yield of tax on consumer goods, does it really matter to the Revenue whether you charge 8 per cent at the retail end or 10 per cent at the wholesale end to give the required yield?

In the days of purchase tax there were 70,000 registered persons and about 2,000 officers to administer the tax. Each officer could visit each registered person once per quarter easily enough, since this works out at one officer for 35 registrations. Of course, a number of the officers were administrative or senior, but since there are 65 working days in the average quarter, there was still sufficient time.

Today, we have about 10,000 officers for 14m registrations, which equals one officer to 125 registrations and this seems to be barely enough for one visit per year. Customs and Excise is always asking for an increase in the establishment and an amendment of this type would actually permit a substantial decrease, although Parkinson's Law would apply.

If it is desired to extend the scope of VAT by all means bring

in the professions who were not previously registered and this would probably increase the number of registrations to 100,000, but even this ought to be well within the capacity for, say, 5,000 C and E staff.

If you want a further refinement of gross profit at the retail end, charge at the wholesale end, say 10 per cent, 12 per cent or 14 per cent as appropriate. Wholesalers can usually cope with these regulations easily enough particularly when dealing with supplies only to unregistered persons. Jack Ross, 16 John Dalton Street, Manchester.

Paid in dribs and drabs

From Mr. C. Foss

Sir, — The collection of VAT at the retail point of sale (Lombard, Dec. 18) has superficial attractions. But, think of the complications with e.g. the retail stationer or iron-monger — or at the petrol station.

There would have to be dual pricing of all merchandise, separate till buttons, not only for Vatable and zero-rated goods as we (for instance) have already, but also a button for taxable goods (possibly at two rates) sold tax-free under registration certificates.

That is the position for cash customers — but how about the problem with account customers. Each registered customer would have to be made to supply a certificate annually (if the old purchase tax procedure is followed) and reference would have to be made to the certificate or a list of registered members each time a sale was made as the appropriate number would have to be written on the invoice (again if the old PT procedure is followed).

The present position is simple and the procedures and accountability, at least in my business, not difficult. Finally, the authorities would probably be enormous. At the moment most of the VAT is paid in dribs and drabs to one's suppliers leaving a relatively small bill to pay at the end of the quarter. Christopher Foss, 34a Paddington Street, Baker Street, W1.

Insider dealing

From the Chairman, Elliot Right Way Books

Sir, — The Government and the Stock Exchange Council do not know what they are talking about when they say they want to make insider trade a crime. The big men do not trade. They do not sell. They know. Only people as stupid as Government and Stock Exchange Councils would endeavour to catch non-catchable criminals! A. G. Elliot, Kingswood Buildings, Lower Kingswood, Tadworth, Surrey.

How to stop rail chaos

From Mr. D. Fullick

Sir, — According to a news item emanating from Unity House on December 14, Mr. Sidney Weighell has a plan for prevent-

ing the disruption of rail services. His idea is startlingly simple, though by no means original in concept. Just merge ASLEF with the National Union of Railwaymen, let railwaymen speak with one voice, never dislocate services or otherwise upset the customers, leave everything to Mr. Weighell's intelligent negotiating ability and, Presto! those tiresome Southern Region problems will go away, he says.

How unlucky, untimely, can such pronouncements be? For, as I read those pearls of wisdom the whole of the London Midland Region of British Rail was reeling under the effects of a walkout of signallers and signallers in the Birmingham/Coventry area — almost all of them being members of Mr. Weighell's union.

A few days earlier, the South East division of the Southern Region was paralysed by a 24-hour unofficial strike of NUR guards at Slade Green depot. In the NUR's weekly journal *Transport Review* of December 8 it is reported "... a number of guards' depots in the Scottish and Eastern Regions since 1974 have refused to do commercial duties on Inter-City trains. The reason is a sense of injustice and frustration arising from the long weary saga of the conductor-guards' concept." Other NUR grades flatly refused to work Boxing Day and, accordingly, services in the areas concerned have been withdrawn. All speaking with one voice, these NUR members are telling Mr. Weighell that they have no use for his negotiating intelligence.

As a driver at Waterloo depot and also as a national executive member of ASLEF I know, as does every member of the NUR, that there is no chance of getting ASLEF's 97 per cent of BR's footplate staff into the NUR. Indeed, it can be far more reasonably argued that if the odd 3 per cent footplate staff currently in the NUR were to decide to join ASLEF so that Roy Buckton and his executive could begin to negotiate for that grade exclusively, much of the "aggro" could be immediately eliminated. That way, peace — at least at the front end of BR's trains — would at last prevail.

Industrial relations officers and union officials within the railway industry know perfectly well the true cause of drivers' unrest. Mr. Weighell's constant blocking of every reasonable proposal for settling drivers' disputes is becoming a standing joke to all but those trying to find solutions. If it were possible for him to support the genuine claims of drivers so that a joint approach could be made to the employer and/or Government, it is conceivable that the speed for the driver could be quickly settled. From such a settlement it is eminently possible that the position of all other grades across the industry could be improved.

Thus, with justice and peace in the industry restored to something approaching the standards set by Lord McCarthy's Tribunal Award of 1974 and, sadly, eroded since by pay legislation, the railway's customers would also become beneficiaries and everyone would gain. The vast majority of Mr. Weighell's members are looking for realistic negotiations in the current productivity exercises. They, as much as anyone else, are fed

up with his unending outbursts against another union. D. F. Fullick, c/o ASLEF, 9, Arkwright Road, N6.

A sensitive issue

From Mr. W. Stead

Sir, — Your leader of December 5 commented that "Pit closures raise sensitive issues..." on December 6 it was reported that more money will be given to Upper Clyde Shipbuilders, as otherwise there would be an increase in unemployment in the area which would be politically unacceptable. Is it not time that the almost

automatic paying out of money, abstracted from the taxpayer, became a "sensitive issue," and is it not time for people to feel that the level this has reached is "politically unacceptable"? Obviously there will be times when such transfer of funds from the pockets of the taxpayer into the pockets of specific groups of workers will be justified. But what is not justifiable is that this process can take place on the whim or say-so of a Minister and that Parliament in general has had no opportunity to consider the matter, and that no real attempt is made to openly justify such payments. W. K. Stead, Dennis Road, Tregew Road, Flushing, Falmouth, Cornwall.

Non-executive directors

From Mr. J. Chudley

Sir, — In spite of the amount of time that has elapsed since it was published, I would like to take up the letter written by Mr. Power on the subject of directors December 9. Mr. Power jumps to the conclusion that the principal purpose of any professional body for directors would be a regulatory one and would, in his words, restrict the prerogative of chairmen to choose their directors. He also states that at the present time "so much healthy re-thinking of the role of the board is going on." In our view, all three of these

statements are wrong. The main purpose to any professional body is to improve the standard of the general practice and only occasionally are they forced to discipline the extremes. Any chairman's choice of new directors is at present necessarily restricted to his or his colleagues' personal knowledge. The re-thinking that it is going on at present is unhealthy in that it is scattered and unco-ordinated and lacks conclusion, whereas the purpose of a professional body is surely to co-ordinate the re-thinking, bring it to a conclusion and thus make it healthy. John Chudley, Associated Non-executive directors, Grosvenor Gardens House, 35/37 Grosvenor Gardens, SW1.



Rembrandt, Self-portrait (1631), Rijksmuseum, Amsterdam.

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Gains for Japanese vehicle makers

BY RICHARD C. HANSON

TOKYO — Toyota, Nissan, the maker of Mazda cars, and Isuzu Motors have both shown strong gains in net profit for the year which ended October 31.

Toyota's net profit rose 13.2 per cent to ¥1,358.8 billion from ¥1,200.8 billion in the prior year. Sales, boosted by greater marketing efforts domestically, were up 9.2 per cent to ¥68,340 billion from ¥63,260 billion.

Motor vehicle production was up 9.2 per cent to 833,462 units. Exports rose 9.8 per cent to 536,801 units. The company expects that exports as a share of overall sales will fall off this year from 61 per cent to around 58 per cent.

The company has expanded its domestic sales network in order to compensate for the more difficult conditions facing exports as a result of the sharply appreciated yen. It expects overall unit sales will rise as a result to ¥77,000 from 825,000 units last year.

Separately, the Hiroshima-based Toyota Kogyo has signed a five-year contract, starting in 1980, to supply transaxles for front-wheel drive passenger cars to Ford Motor Company.

The company declined to say what the value of the deal will be or how many transaxles will be provided. Ford is planning to produce a front-wheel drive subcompact car.

Isuzu Motors, the third largest truck maker in Japan, owned 24 per cent by General Motors, had a net profit rise of 11.3 per cent to ¥13,430 billion from ¥12,080 billion in the prior year. Sales rose 22.1 per cent to ¥57,235 billion from ¥46,875 billion.

It is forecasting, however, that this year's sales will be up only marginally and that net profit will dip to around ¥10,500 billion.

Production totalled 397,197 units compared with 332,157 units a year earlier, with exports up nearly 30 per cent to 219,413 units.

Isuzu expects production this year will be up to about 400,000 units. Production of small trucks, which gained 19 per cent last year to 237,500 units, will dip slightly to 234,000 this year, as large truck and passenger car production show small gains.

The company produced 60,821 large-size trucks last year, compared with 58,352 in the prior year, and 98,785 passenger cars compared with 79,007 a year earlier.

Isuzu hopes to retain a 15 per share dividend, unchanged from last year. It plans a capital outlay of ¥390 billion next year up from ¥17.8 billion this year, on product development and production facility expansion.

Major contributors to Isuzu's record income and revenue were cost savings including reduced interest payments and improved business performance of higher priced large-sized vehicles helped by a booming domestic truck demand.

This offset losses totalling about ¥200 billion, including product price discounts due to the yen strength against dollar and increased labour costs.

Pan Am subpoenaed by SEC

WASHINGTON — Pan American Airways Inc., one of the big airlines for National Airlines, revealed in a filing with the SEC that it and its chief executive officer have received subpoenas from the Commission in connection with the investigation.

Pan Am indicated that the SEC is seeking information about transactions in National's common stock and "the adequacy of certain public disclosures."

National Airlines is co-operating with the investigation and similarly does not believe any SEC action against it is warranted, Pan Am said.

A spokesman for Texas International Airlines, another bidder, said the SEC had subpoenaed Mr. Robert D. Sneider, the company's vice-president and treasurer, as well as Texas International corporately.

AP-DJ

United Technologies negotiates board representation at Carrier

BY STEWART FLEMING

NEW YORK — The Carrier Corporation, the largest U.S. manufacturer of heating and ventilating equipment, appears to be reconciling itself to eventual acquisition by United Technologies, the giant U.S. conglomerate with interests in aerospace and electrical equipment.

Earlier in the year, United Technologies launched a \$476 million takeover bid for 49 per cent of Carrier at a price of \$38 a share.

In spite of efforts by Carrier's board of directors to block the takeover, a Federal appeals court refused last week to grant an injunction against the bid, effectively demolishing Carrier's defence against the takeover.

The court decision meant that United Technologies could pay for the 49 per cent of Carrier ordinary share capital which had been tendered giving it de facto control of the company.

In the wake of the decision United Technologies approached Carrier asking for representation on its board of directors by being allowed to designate seven board members, equivalent to the number of Carrier insiders on the company's board.

But Carrier has rejected that approach and instead has told United Technologies that it is ready to enter into negotiations for a tax free share exchange of

the 51 per cent of Carrier's stock that United Technologies does not already own.

No details of the terms which Carrier is seeking in the exchange have been released but Carrier has said that its reason for opposing Board representation of United Technologies is that it considers that to be inappropriate while merger negotiations are underway.

Nobel in Panama venture

BY WILLIAM DUFFLOR

STOCKHOLM — Nitro Nobel, the explosives subsidiary of the Kema Nobel group, has established a new company, Panama Blasting Services, in Panama, as part of the group's efforts to penetrate the Latin American market. Panama Nobel will be jointly owned by Nitro Nobel and Explosiva, a company founded three years ago as a

joint venture by the Swedish company and the State of Panama.

At the same time Explosiva has acquired the total stock of Skandia International, a Panamanian company set up in 1959 which operates as agent for several big Swedish companies, including ASEA, AGA, Sandvik, Elox Hansson and Scandinavian Airlines (SAS).

CURRENCIES, MONEY and GOLD

Dollar stands on quicksand

BY COLIN MILLHAM

THE YEAR seems to be ending in much the same way that it began. On the first trading day of 1978 foreign exchange dealers spoke of a dollar collapse amid a complete lack of confidence. Record lows were touched against the D-mark, at DM 2.0650, and the Swiss franc, at Sfr 1.9200, on January 3. At the same time the Japanese yen stood at ¥237.85, with the French franc at FF 4.825, and sterling at £1.9625.

The pound suffered a bout of nerves around mid-May, falling to £1.9050, but recovered as

London interest rates were pushed up, with Bank of England Minimum Lending Rate returning to double figures on June 8. By mid-August sterling touched the \$2 level once again, and hovered around that level the rest of the year.

Higher UK interest rates were also the result of the upward trend in New York, but this failed to halt the slide of the dollar.

The French franc suffered a setback in February and March on fears of a Left-wing Government coming to power in France. The dollar rose to FF 4.90 in early March, but when the market's fears proved groundless, it fell back to FF 4.80 on March 20.

By mid-summer the Japanese yen was appreciating at such a fast rate that it even left the D-mark and Swiss franc behind, largely because of the massive imbalance in trade between Japan and the U.S. At the end of June the dollar was at a record low of ¥204.75, but still had a long way to fall.

Moves by the Swiss National Bank to limit the flow of speculative money into the country, had only a limited impact on the advance of the Swiss franc during the year.

On September 26 the dollar touched a record low of Sfr 1.4510, but waited until October 30 before falling to its lowest ever against the D-mark, at DM 1.7210, and the yen at ¥176.70.

The dollar support package of early November brought temporary respite, but the OPEC oil price rise set the dollar on its downward course again, and the currency finished the year on the same quicksand on which it began.

Gold Bullion (in fine) ... 1,215.25 ... 1,215.25

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| Currency | Rate |
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| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.215.25 |
| Swiss Franc | 1.215.25 |

| Currency | Rate |
|-------------------|----------|
| U.S. dollar | 1.215.25 |
| Canadian dollar | 1.215.25 |
| Australian dollar | 1.215.25 |
| Belgian franc | 1.215.25 |
| Dutch guilder | 1.215.25 |
| French franc | 1.215.25 |
| German D-mark | 1.215.25 |
| Italian Lira | 1.215.25 |
| Japanese Yen | 1.215.25 |
| Norwegian Krone | 1.215.25 |
| Portuguese Escudo | 1.215.25 |
| Spanish Peseta | 1.215.25 |
| Swedish Krona | 1.2 |

Shares firm despite Prime Rate rise

INVESTMENT DOLLAR PREMIUM
\$2.80 to \$3.15 (82%)
Effective \$2.006 41% (40%)
STOCKS rallied in moderate trading after drifting indecisively much of the day. The market was helped by bargain hunting, the continued influence of IBM's planned stock split, season factors and resistance to bad news.
The Dow Jones Industrial Average rose 1.54 to 816.01 and the average price per share rose 33 cents. Winners led losers 863 to 583 in a turnover of 21.47m shares against Friday's 23.79m. The Transport Index rose 2.73 to 211.15 and Utilities up on 0.10 to 98.51. The NYSE index rose 0.58 to 54.36.
The market apparently shrugged off the move to an 11 1/2 per cent Prime Rate led by Chemical Bank last week and followed yesterday by many major banks. It seemed to have survived last week's announcement from OPEC of a planned 4.5 per cent oil price rise for 1978. The record high of 12 per cent set in 1974.
Active IBM gained \$2 1/2 to \$309. Dupont picked up \$2 1/2 to \$124. Minnesota Mining and Manufacturing rose \$1 1/2 to \$72. Philip Morris gained \$2 1/2 to \$72. Eastman Kodak put on \$1 1/2 to \$62.
Hershey Foods rose 75 cents to \$204. The company plans to

tender for all friendly Ice Cream Corp. common stock at \$23 each. Friendly Ice Cream, on the other hand, is offering \$22 1/2 to \$23 1/2 for its common stock. American Medical International gained \$2 1/2 to \$354 on a volume of 340,900. The company said it knew of no reason for the activity in its stock.
Declining stocks included Marathon Manufacturing, up 25 cents to \$291. Exxon down \$1 1/2 to \$49. Atlantic Richfield, up 25 cents to \$57 1/2. Marathon Oil, \$1 lower at \$56 1/2.
American Stock Exchange prices rose in moderate trading. The Amex Index gained 0.88 to 151.33 and the average price per share rose 6 cents. Gains led losses 257 to 237 and volume eased to 3.03m shares from 3.59m on Friday.
Tokyo
Share prices on the Tokyo Stock Exchange closed sharply higher yesterday with the Nikkei Dow Index rising 30.01 points to stand at 5,685.35. Volume was about 200m shares against 160m on Saturday and 280m shares last Friday. The Tokyo Stock Index rose 1.75 points to 440.94.
Middle-class Blue Chips and high-price Light Electrics moved higher on investment trust buying. But Heavy Electrics and steel companies declined. Trading on the second

Indices

NEW YORK - NOW JONES

| | 25 | 22 | 21 | 20 | 19 | 18 | High | Low | High | Low |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| Imports of... | \$16.51 | \$20.47 | \$24.79 | \$28.56 | \$25.25 | \$27.51 | \$27.74 | \$22.12 | \$25.17 | \$1.22 |
| " " " " | 8.13 | 8.44 | 8.42 | 8.55 | 8.24 | 8.54 | 8.67 | 8.22 | 8.11 | 7.53 |
| " " " " | 21.11 | 23.84 | 20.42 | 20.45 | 20.42 | 20.43 | 20.41 | 8.42 | 8.42 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| " " " " | 8.51 | 8.61 | 8.77 | 8.76 | 8.77 | 8.77 | 8.77 | 8.51 | 8.51 | 7.53 |
| | | | | | | | | | | |

12

| | | |
|------|-----------------------------------|-------|
| 6971 | Minster Fund Managers Ltd. | |
| 1.17 | Minter Hse, Arthur St., ECA. | |
| 1.17 | Minster Dec. 13..... | 38.0 |
| 1.17 | Everett Nov. 1..... | 40 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Old Queen Street, SW1A 3QG. | |
| 1.17 | MLA Units..... | 146.1 |
| 1.17 | Murray Johnson U.T. Ngrm. | |
| 1.17 | 363 Noe Street, Glasgow, G2 2UH. | |
| 1.17 | MLA Europe..... | 146.1 |
| 1.17 | MLA Units..... | 146.1 |
| 1.17 | Mutual Unit Trust Managers | |
| 1.17 | 15, Courtenay Ave., EC2R 7TB. | |
| 1.17 | Mutual Unit Trs..... | 146.1 |
| 1.17 | Mutual Blue Chip..... | 146.1 |
| 1.17 | Mutual Bond..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
| 1.17 | National and Commercial | |
| 1.17 | 31, St. Andrew Square, Edinburgh. | |
| 1.17 | Income Dec. 13..... | 146.1 |
| 1.17 | MLA Unit Fund Managers Ltd. | |
| 1.17 | Capit. Dec. 13..... | 146.1 |
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Stewart Wrightson
International Insurance Brokers
for the Engineering Industry
1 Cannon Street
London EC4A 3DF
Telephone 01-404 7241

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| Interest | Stock | Price | Yield |
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FINANCIAL TIMES

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FINANCIAL TIMES

Wednesday December 27 1978

Weatherall Green & Smith
Chartered Surveyors-Estate Agents
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U.S. bid to keep private steel sector

By Roy Hodson

THE U.S. and West Germany will call for international action to maintain a healthy free enterprise sector in world steel-making at a United Nations conference next month on the world iron and steel industry.

Both governments are alarmed about the rapid growth of state involvement in the ownership and running of iron and steel industries throughout the world.

At a special consultative meeting of world steelmaking nations in New Delhi in January they will join other governments which still are largely reliant on private enterprise iron and steelmaking, to draw attention to trends in western Europe and in the developing nations.

A UN report to the meeting shows that in almost every developing nation which is now promoting new iron and steel-making facilities, the state is both the major initiator and the promoter.

These nations will account for a third of free world steel output within 10 years. The UN researchers forecast that nearly all of that output will be from state-controlled industries.

In western Europe the plans for state participation and financial support for the French and Belgian iron and steel industries, with the existing state participation in the Italian and British industries, means that only a minority of the European Community's steel production will be provided by investor-owned companies.

The United Nations Industrial Development Organisation (UNIDO) report (The World Iron and Steel Industry - Second Study) prepared by the sectorial studies section of the United Nations Industrial Development Organisation, says that new iron and steel-making schemes planned in the developing nations during the next ten years will be predominantly government-controlled.

Already, the report says, the extent of state involvement in world iron and steelmaking is such that any negotiation at international level involves the responsibility of governments.

The developing nations, including China, will be adding 120m annual tonnes of steel-making capacity to the world total by the late 1980s—more than the current capacity of the European Community.

In view of the growing competition from largely state-supported new iron and steel-making facilities throughout the developing nations the UN report takes a gloomy view of the industry's prospects in Japan and Europe.

The position of the Japanese iron and steel industry is said to be "precarious." Investment has already been reduced substantially and will be cut further between now and 1980. Production has fallen to the levels of 1973.

Prospects for the iron and steel industry in Europe are seen to be "even darker." The gravity of the situation, says the report, is shown by the EEC Commission's proposals for the rapid closure of up to 18 per cent of installed plant capacity.

The North American iron and steel industries are seen by the UN researchers as probably the only industries in the older steelmaking nations still able to consider greenfield site steelworks. That is because they serve their own continental market and are supported by reserves of minerals and energy.

Negotiation

Continued from Page 1

Aircraft

seat derivative, the A-310.

In 1978, Airbus Industries has won orders for 71 aircraft of both types, worth in all about \$2.2bn.

In the UK, BRITISH AEROSPACE has won orders for 29 One-Elevens, including 24 as part of the big deal with Romania, which may eventually lead to manufacture of the One-Eleven under licence in that country.

British Aerospace has had a good year with other civil aircraft, selling 31 HS-125 executive jets and 16 turbo-prop HS-748 feeder-liners.

In Holland, FOKKER has continued to book orders for both its F-28 twin-engine short-haul jet airliner and its F-27 twin-engine turbo-prop aircraft.

As a result of all these orders the world's airliner builders are running into some problems. One is shortage of skilled labour, the other, especially in the U.S., of manufacturing capacity. Both could become constraining factors on rate of manufacture later in 1979.

Tories to seek union backing on ballots

BY ELINOR GOODMAN, LOBBY STAFF

THE CONSERVATIVES are to launch a major new initiative in the New Year over the use of secret ballots in trade union elections.

Mr. James Prior, the Shadow Employment Secretary, is expected to make a public request to the unions for their co-operation in drawing up new policies which would involve a future Conservative Government in setting up some new body to help organise and finance postal ballots where the unions wanted them.

The new body would be available for strike ballots, not just for the election of union officials, as envisaged in established Tory policy.

The aim is to identify the wider use of secret ballots with Tory party policies, while not offending the unions by any suggestion that a Conservative Government would ram such a procedure down their throats. Mr. Prior, who, in the opinion of some of his more right-wing colleagues, has already gone too far in his efforts to improve the

party's relations with the unions, will make it clear that there is no question of making secret ballots compulsory.

The party's policy advisers believe, however, that the wider use of secret ballots could make a significant improvement to industrial relations and that, handled sensitively, it could be popular with the voters.

Judging by both the party's own conference and that of the Confederation of British Industry, many traditional supporters are dubious about the validity of decisions taken by a show of hands at emotionally charged public meetings. They regard secret ballots as a means of encouraging moderation, on the ground that the moderates are less likely to be railroaded into supporting strike action if they can vote in private.

During the Ford dispute Mr. Callaghan indicated that, if the unions suggested how the Government might assist them in setting up postal ballots, he would listen. This worried some Conservatives, who felt that the

Government was threatening to take over what should be identified in the public mind as exclusive Conservative party policy, and a number of senior Conservatives, including Mrs. Thatcher, have in recent weeks publicly emphasised the party's commitment to looking at the whole question of secret ballots.

The party has been in favour for some time of encouraging secret ballots for the election of union officials. The new idea is that such ballots could be usefully employed in the whole gamut of union votes, including questions of whether to strike and whether to accept a management offer.

What seems to be envisaged is an additional Government-financed body which would have funds to cover the cost of postal ballots and would help administer such votes.

But Mr. Prior and his front bench colleagues in charge of dealing with the unions do seem to have killed off suggestions that secret ballots should be made compulsory.

Building societies see poor prospects

By Michael Cassell, Building Correspondent

THE BUILDING SOCIETIES do not expect 1979 to produce a repetition of the record number of home loans they made this year.

The movement believes that the final figures for 1978 will show that societies arranged about 800,000 home loans against the 737,000 record established in the previous 12 months. Loans reached an estimated £8bn.

But societies are already suggesting that 1979 will get off to a disappointing start and that it might be impossible later in the year to recover the position.

As they approach the New Year, the societies confront a difficult period, with net receipts running at one of the lowest levels for two years and little prospect of any short-term improvement.

December receipts are thought likely to reach about £200m against £261m in November and £363m in the previous month. A year before they totalled £578m.

In addition, the introduction of higher rates of interest on National Savings is considered certain to hit the societies' receipts in January.

The societies have recently been lending about £650m a month to home buyers and it seems likely that this level will be maintained into the New Year, despite the fact that the Government has allowed a 10 per cent increase in loans during the first quarter of 1979.

To raise lending further at a time of falling receipts, heavy consumer spending on imported goods into a modest overall deficit. Finally, the public spending White Paper published in January suggested what the Budget was to confirm in April: that the Government was trying to reconcile an expansionary fiscal policy with a relatively tight monetary stance in a way that convinced nobody.

The Chancellor thought that a one point rise in interest rates (to 7 per cent) in his Budget package would be enough to persuade investors that he really meant business. But the young men who write brokers' circulars remained sceptical, and so did their customers. A growing war of nerves and a so-called buyers' strike in the gilt-edged market was brought to a temporary

Editorial Comment Page 8

Weather

CLOUDY with outbreaks of rain. Mild in south, rather cold in north.

London, S.E., E. Anglia, Cent. S. and N.W. England, Midlands, E. Coast Channel Is. Wales

Cloudy with outbreaks of rain. Max. 10C (50F).

S.W. England

Brighter intervals, showers. Max. 15C (59F).

Lakes, 1. Man, N. Ireland

Cloudy with outbreaks of rain. some heavy. Max. 8C (48F).

N.E., S. E. and Cent. Scotland, Argyll, W. Is.

Cloudy with rain at times. Max. 8C (48F).

Highlands, Orkney, Shetland

Cloudy with rain or sleet at times, snow on high ground. Max. 3C (37F).

Outlook: Colder with sleet or snow in most places.

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BUSINESS CENTRES

Y-day mid-day Y-day mid-day

Amsterdam 21 75 Melbourne 20 77

Bahran 21 70 Mier. C. 19 66

Bombay 21 70 Mier. C. 19 66

Buenos Aires 21 70 Mier. C. 19 66

Calcutta 21 70 Mier. C. 19 66

Canton 21 70 Mier. C. 19 66

Cebu 21 70 Mier. C. 19 66

Colon 21 70 Mier. C. 19 66

Hankow 21 70 Mier. C. 19 66

Hong Kong 21 70 Mier. C. 19 66

Kobe 21 70 Mier. C. 19 66

London 21 70 Mier. C. 19 66

Lyons 21 70 Mier. C. 19 66

Manila 21 70 Mier. C. 19 66

Medan 21 70 Mier. C. 19 66

Shanghai 21 70 Mier. C. 19 66

Singapore 21 70 Mier. C. 19 66

Sourabaya 21 70 Mier. C. 19 66

Tokyo 21 70 Mier. C. 19 66

Yokohama 21 70 Mier. C. 19 66

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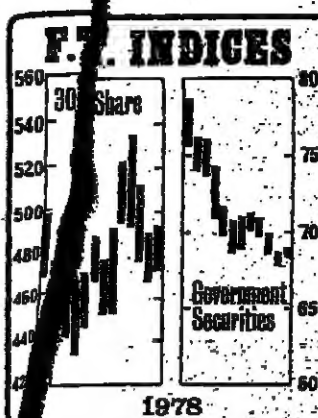
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THE LEK COLUMN

A year when gilts turned sour



1978

In the financial markets, 1978 will go down as the year when fiscal mismanagement forced real interest rates up to their highest level for a very long time. A period which started with the prospect of falling inflation, a strong balance of payments and no great financial strains in the domestic economy has brought little but disappointment to gilt-edged and equity prices.

The FT Government Securities Index touched its peak for the year in the first few days of January and since then has fallen steadily by 12.8 per cent. The yield on high coupon long dated gilts has exceeded the annual rate of inflation throughout the year: the gap is currently well over five points. Short-term interest rates opened 1978 at just over 8 per cent and are now over 12 per cent, while the FT-Actuaries All-Share Index has managed a rise of just 3.8 per cent, having been up by as much as 13 per cent at an all-time high in the autumn.

Missed target

In the final quarter of 1978, the Government Broker managed to unload no less than £2.1bn of stock. But his job got much tougher after the first week or two of this year. First it became apparent that money supply was shooting well ahead of the 9 to 13 per cent target range for 1977-78. Secondly, the trade figures started to go wrong. The £1.1bn surplus that had originally been projected by the Treasury for the twelve months has been transformed by sluggish export growth and heavy consumer spending on imported goods into a modest overall deficit. Finally, the public spending White Paper published in January suggested what the Budget was to confirm in April: that the Government was trying to reconcile an expansionary fiscal policy with a relatively tight monetary stance in a way that convinced nobody.

The Chancellor thought that a one point rise in interest rates (to 7 per cent) in his Budget package would be enough to persuade investors that he really meant business. But the young men who write brokers' circulars remained sceptical, and so did their customers. A growing war of nerves and a so-called buyers' strike in the gilt-edged market was brought to a temporary

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Dollar crisis

They were all wrong. The crisis of confidence in the U.S. dollar, which had been building up since well before the start of the year, forced rates ever higher across the Atlantic and to a large measure torpedoed hopes of lower rates elsewhere. The federal funds rate rose sharply throughout the autumn to end the year more than three points above its starting level at around 10 per cent.

Coupled with the increasing evidence that the UK Government's strategy could only be achieved at the expense of private sector borrowers, the upshot was that domestic money rates by mid-November were up to 12 per cent. Once again there was a gilt-edged sales splurge (£847m in the November banking month), once again, optimism about an imminent fall in rates has had to be tempered with the passage of time. Most people would still probably argue that interest rates, which are now at

historically high levels, will go down from here. Few are prepared to say when.

Against this background, it can be argued that equities have performed relatively well this year. And the reverse yield gap has indeed widened by over 14 points. There are a number of explanations, which start with the way that the domestic economy has been growing very rapidly by recent standards. It looks as though great domestic product rose at an annual rate of about 4 per cent during the 12 months to mid-September, following four years of stagnation. Profits growth worked out a lot better than seemed possible early in the spring when in historic cost terms the figures looked pretty grim. During the third quarter, gross trading profits were 15 per cent higher, and in real terms the rise was sharper. Indeed, of course, by the rising North Sea contribution.

Institutions

There have been some favourable technical points for share prices, too. The number of rights issues has tailed off considerably — down from £730m to £520m — while takeover activity has picked up sharply. Total spending by industrial and commercial companies on acquisitions rose by well over one-third to £850m in the first six months of this year, and it looks as though shareholders in aggregate will have received more hard cash from takeovers than they have handed back in rights issues over the 12 months.

As the year draws to a close, the consensus view about equities among institutional investors is probably neutral to bearish. Obvious worries include the outlook for company profits at a time when costs are rising faster than prices, and sterling (although marginally down over the year) has been holding steady for some time. On the international front, the outlook for world trade is not inspiring, and the problems of both the dollar and the yen are highly unsettling.

Yet although the institutions may be holding back from equities at present, they are not holding out. Their liquidity has been rebuilt from last year's depressed levels, their cash flow is still rising and equities hardly look dear by historic standards.

NOTICE OF REDEMPTION

To the Holders of

Continental Oil International Finance Corporation

(now Continental Oil Company)

7% Guaranteed Debentures Due 1980 Issued under Indenture dated as of February 1, 1968

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the above-mentioned Indenture, \$1,613,000 principal amount of the above described Debentures have been selected for redemption on February 1, 1979, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

02 10 20 30 40 50 60 70 80 90

11 21 31 41 51 61 71 81 91

ALSO OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

383 1783 3583 5383 7183 8983 10783 12583 14383 16183 17983 19783 21583 23383 25183 26983 28783 30583 32383 34183 35983 37783 39583 41383 43183 44983 46783 48583 50383 52183 53983 55783 57583 59383 61183 62983 64783 66583 68383 70183 71983 73783 75583 77383 79183 80983 82783 84583 86383 88183 89983 91783 93583 95383 97183 98983 100783 102583 104383 106183 107983 109783 111583 113383 115183 116983 118783 120583 122383 124183 125983 127783 129583 131383 133183 134983 136783 138583 140383 142183 143983 145783 147583 149383 151183 152983 154783 156583 158383 160183 161983 163783 165583 167383 169183 170983 172783 174583 176383 178183 179983 181783 183583 185383 187183 188983 190783 192583 194383 196183 197983 199783 201583 203383 205183 206983 208783 210583 212383 214183 215983 217783 219583 221383 223183 224983 226783 228583 230383 232183 233983 235783 237583 239383 241183 242983 244783 246583 248383 250183 251983 253783 255583 257383 259183 260983 262783 264583 266383 268183 269983 271783 273583 275383 277183 278983 280783 282583 284383 286183 287983 289783 291583 293383 295183 296983 298783 300583 302383 304183 305983 307783 309583 311383 313183 314983 316783 318583 320383 322183 323983 325783 327583 329383 331183 332983 334783 336583 338383 340183 341983 343783 345583 347383 349183 350983 352783 354583 356383 358183 359983 361783 363583 365383 367183 368983 370783 372583 374383 376183 377983 379783 381583 383383 385183 386983 388783 390583 392383 394183 395983 397783 399583 401383 403183 404983 406783 408583 410383 412183 413983 415783 417583 419383 421183 422983 424783 426583 428383 430183 431983 433783 435583 437383 439183 440983 442783 444583 446383 448183 449983 451783 453583 455383 457183 458983 460783 462583 464383 466183 467983 469783 471583 473383 475183 476983 478783 480583 482383 484183 485983 487783 489583 491383 493183 494983 496783 498583 500383 502183 503983 505783 507583 509383 511183 512983 514783 516583 518383 520183 521983 523783 525583 527383 529183 530983 532783 534583 536383 538183 539983 541783 543583 545383 547183 548983 550783 552583 554383 556183 557983 559783 561583 563383 565183 566983 568783 570583 572383 574183 575983 577783 579583 581383 583183 584983 586783 588583 590383 592183 593983 595783 597583 599383 601183 602983 604783 606583 608383 610183 611983 613783 615583 617383 619183 620983 622783 624583 626383 628183 629983 631783 633583 635383 637183 638983 640783 642583 644383 646183 647983 649783 651583 653383 655183 656983 658783 660583 662383 664183 665983 667783 669583 671383 673183 674983 676783 678583 680383 682183 683983 685783 687583 689383 691183 692983 694783 696583 698383 700183 701983 703783 705583 707383 709183 710983 712783 714583 716383 718183 719983 721783 723583 725383 727183 728983 730783 732583 734383 736183 737983 739783 741583 743383 745183 746983 748783 750583 752383 754183 755983 757783 759583 761383 763183 764983 766783 768583 770383 772183 773983 775783 777583 779383 781183 782983 784783 786583 788383 790183 791983 793783 795583 797383 799183 800983 802783 804583 806383 808183 809983 811783 813583 815383 817183 818983 820783 822583 824383 826183 827983 829783 831583 833383 835183 836983 838783 840583 842383 844183 845983 847783 849583 851383 853183 854983 856783 858583 860383 862183 863983 865783 867583 869383 871183 872983 874783 876583 878383 880183 881983 883783 885583 887383 889183 890983 892783 894583 896383 898183 900000

On February 1, 1979, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, New York 10015, or (b) at the main office of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or the main office of Banca Vanviller & C. S.p.A. in Milan or the office of Bank Mees & Hope N.V. in Amsterdam, or the main office of Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due February 1, 1979 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the holder with a New York City bank.

On and after February 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.